

NOTICE OF ANNUAL GENERAL MEETING

To be held on
Monday 23 November 2015
at 10.00 am (Sydney time)
at the Sheraton on the Park
161 Elizabeth Street, Sydney NSW



**This is an important document.
Please read it carefully.**

If you are unable to attend the Annual General Meeting, please complete the Proxy Form enclosed at the back of this document and return it in accordance with the instructions.



Notice of Annual General Meeting

Notice is hereby given that the 2015 Annual General Meeting of shareholders of Lynas Corporation Limited ("**Company**") will be at the Sheraton on the Park at 161 Elizabeth Street, Sydney, NSW on 23 November 2015 at 10.00 am (Sydney time) for the purpose of transacting the following Business.

Ordinary Business

2015 FINANCIAL STATEMENTS

To receive and consider the financial statements of the Company for the year ended 30 June 2015, consisting of the Annual Financial Report, the Directors' Report and the Auditor's Report.

RESOLUTION 1 REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That the Remuneration Report of the Company for the year ended 30 June 2015 be adopted."

Pursuant to section 250R(3) of the *Corporations Act 2001*, the vote on this resolution is advisory only and it does not bind the directors or the Company. The Company will disregard any votes cast on this resolution by a member of the Key Management Personnel, the details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member unless the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2 CONFIRMATION OF APPOINTMENT OF MIKE HARDING AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That the appointment of Mike Harding as a director of the Company since the previous Annual General Meeting pursuant to Article 13.5 of the Company's Constitution be confirmed."

Mike Harding was appointed as Non-Executive Chairman of the Company with effect from 1 January 2015. Pursuant to Article 13.5 of the Company's Constitution, the existing directors of the Company may appoint a person as a director, subject to the Company confirming the appointment by resolution at the Company's next Annual General Meeting.

RESOLUTION 3 CONFIRMATION OF APPOINTMENT OF PHILIPPE ETIENNE AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That the appointment of Philippe Etienne as a director of the Company since the previous Annual General Meeting pursuant to Article 13.5 of the Company's Constitution be confirmed."

Philippe Etienne was appointed as a Non-Executive Director of the Company with effect from 1 January 2015. Pursuant to Article 13.5 of the Company's Constitution, the existing directors of the Company may appoint a person as a director, subject to the Company confirming the appointment by resolution at the Company's next Annual General Meeting.

RESOLUTION 4 RE-ELECTION OF JAKE KLEIN AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Jake Klein, having retired as a director of the Company pursuant to Article 13.2 of the Company's Constitution and, being eligible, having offered himself for re-election, be appointed as a director of the Company."

Pursuant to article 13.2 of the Company's Constitution, one-third of the directors of the Company (other than the managing director), or if their number is not a multiple of 3, then such number as is appropriate to ensure that no director other than alternate directors and the managing director holds office for more than 3 years, must retire at each Annual General Meeting and, being eligible, may offer themselves for re-election.

RESOLUTION 5 SUBSEQUENT APPROVAL OF ISSUE OF ORDINARY SHARES TO THE COMPANY'S REAGENT SUPPLIER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purpose of Listing Rule 7.4 of ASX Limited, and for all other purposes, the issue and allotment on 20 July 2015 of 116,076,858 ordinary shares at A\$0.038 per share to the supplier of two major chemical reagents for the Company's Malaysian plant is hereby approved."

The Company will disregard any votes on this resolution by the recipient of the shares and its associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 6 SUBSEQUENT APPROVAL OF ISSUE OF WARRANTS TO THE HOLDERS OF THE COMPANY'S CONVERTIBLE BONDS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purpose of Listing Rule 7.4 of ASX Limited, and for all other purposes, the issue and allotment on 7 September 2015 to the holders of the Company's convertible bonds of 174,365,466 warrants each to acquire one Ordinary Share in the Company, with an exercise price of A\$0.038 and an expiry date of 30 September 2018, on the terms specified in the accompanying Explanatory Memorandum and in Annexure C, is hereby approved."

The Company will disregard any votes on this resolution by the recipients of the warrants and their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 7 – GRANT OF PERFORMANCE RIGHTS FOR THE BENEFIT OF CEO & MANAGING DIRECTOR – AMANDA LACAZE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That pursuant to and in accordance with section 208 of the Corporations Act 2001 (Cth) and Listing Rule 10.14 of ASX Limited, and for all other purposes, the Company approves and authorises the Directors of the Company to grant, for the benefit of Amanda Lacaze, the following rights to subscribe for ordinary shares in the Company:

- (a) **Performance bonus: A performance bonus of 4,464,286 Performance Rights with a 12-month vesting period commencing on 6 May 2015 and a 2 year exercise period, and subject to the conditions set out in the attached Explanatory Memorandum and otherwise in accordance with the Rules of the Rights Plan;**
- (b) **FY15 STI: 4,971,828 Performance Rights with a 12-month vesting period commencing on 28 July 2015 and an exercise date in the first employee trading window after 28 July 2016, as a Short Term Incentive ("STI") award in respect of FY15, subject to the conditions set out in the attached Explanatory Memorandum and otherwise in accordance with the Rules of the Rights Plan;**
- (c) **LTI: A Long Term Incentive ("LTI") of up to 19,411,764 Performance Rights with a 3 year vesting period and a 2 year exercise period, and subject to the conditions set out in the attached Explanatory Memorandum and otherwise in accordance with the Rules of the Rights Plan."**

The Company will disregard any votes cast on this resolution by a director of the Company who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and his / her associates, unless the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

As described in the Explanatory Memorandum, the Performance Rights were valued by the Company and its advisers as follows:

Performance bonus:	\$0.0448 per Performance Right, total \$200,000
FY15 STI:	\$0.0383 per Performance Right, total \$190,421
LTI with an NdPr Production hurdle:	\$0.0391 per Performance Right, total \$414,000
LTI with a Total Shareholder Return hurdle:	\$0.0289 per Performance Right, total \$255,000

Note: Some of the above figures include rounding adjustments. The above number of LTI Performance rights with an NdPr Production hurdle has been calculated assuming that 120% of that class of Performance Rights vests, as described in the Explanatory Memorandum.

ENTITLEMENTS TO VOTE

A Proxy Form is enclosed with this Notice.

For the purposes of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and holder of shares if that person is registered as a holder of those shares at 7.00 pm on 21 November 2015.

LODGEMENT OF PROXY FORMS

For an appointment of a proxy for the meeting to be effective:

- the proxy's appointment; and
- the power of attorney (if any) under which it is signed or satisfactory proof of that power or a certified copy of it,

must be received by the Company at the registered office or at the office of the Company's share registry, Boardroom Pty Limited, by no later than 10.00am (Sydney time), Saturday 21 November 2015:

By hand: Share Registry: Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000 Australia

By mail: Share Registry: Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia

By facsimile: Share Registry: +61 2 9279 0664

Online Voting: Share Registry: www.votingonline.com.au/lynasagm2015

By order of the Board



Andrew Arnold
Secretary

Date: 8 October 2015

Explanatory Memorandum

This Explanatory Memorandum contains information relevant to the Resolutions set out in the Notice of Annual General Meeting ("**Notice**") of Lynas Corporation Limited ACN 009 066 648 ("**Company**") and should be read carefully and in its entirety by shareholders before making any decision in relation to the Resolutions.

The Directors believe that it is in the best interests of Lynas that the Resolutions set out in the Notice be passed and, to the extent that they are permitted to make a recommendation, the Directors unanimously recommend that you vote in favour of the Resolutions. The Directors have abstained from Board discussions and from making any recommendation to shareholders in respect of those matters in which they have a personal interest.

If you have any doubt regarding the information contained in this Explanatory Memorandum or any action you should take in respect of such information, you should consult your financial, legal, taxation or other professional adviser.

Defined terms used in this Explanatory Memorandum are set out in the Glossary.

RESOLUTION 1 REMUNERATION REPORT

The Remuneration Report for the year ended 30 June 2015 is set out in the Directors' Report on pages 27 to 39 of the 2015 Annual Report.

The Remuneration Report:

- (a) explains the Board's policies relating to remuneration of directors, secretaries and executives of the Company;
- (b) discusses the relationship between such policies and the Company's performance;
- (c) provides details of any performance conditions attached to such remuneration; and
- (d) sets out remuneration details for each director and Key Management Personnel.

The Board submits the Remuneration Report to shareholders for consideration and adoption by way of a non-binding resolution as required by the *Corporations Act 2001* (Cth) ("**Corporations Act**").

Shareholders should note that the vote on Resolution 1 is advisory only and, subject to the matters outlined below, will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

With effect from 1 August 2011, the Corporations Act prohibits a vote on this resolution being cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, the details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 if:

- (i) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (ii) the vote is not cast on behalf of a person described in paragraphs (a) or (b) above.

The Chair will not vote any undirected proxies in relation to Resolution 1 unless the shareholder specifically authorises the Chair to vote in accordance with the Chair's stated voting intentions. If a shareholder wishes to nominate the Chair as their proxy for the purpose of Resolution 1, the shareholder must either tick the 'for' or 'against' box directing the Chair how to vote, or tick the box authorising the Chair to vote in accordance with his or her stated voting intentions, on the enclosed Proxy Form for their proxy vote to be counted. Alternatively, shareholders can nominate as their proxy for the purpose of Resolution 1 a proxy who is not a member of the Company's Key Management Personnel.

RESOLUTION 2 CONFIRMATION OF APPOINTMENT OF MIKE HARDING AS A DIRECTOR

In accordance with the commentary and guidance to Recommendation 2.3 of the ASX Corporate Governance Principles, the Company provides the following information concerning Mr Harding:

Biographical details

Mr Harding joined the Company as Non-Executive Chairman on 1 January 2015 and has significant experience with industrial businesses, having previously held management positions around the world with British Petroleum (BP), including as President and General Manager of BP Exploration Australia.

Mr Harding is currently Chairman of Downer EDI Ltd, and a Non-Executive Director of Transpacific Limited. He is a former Chairman of Roc Oil Company Limited and a former Non-Executive Director of Santos Limited and Clough Limited.

Details of relationships between the Candidate and the Company

Mr Harding is the Non-Executive Chairman of the Company.

Details of relationships between the Candidate and Directors of the Company

Not applicable.

Other directorships held

Mr Harding is currently Chairman of Downer EDI Ltd, and a Non-Executive Director of Transpacific Limited.

The term of office already served by Mr Harding

Mr Harding joined the Company as Non-Executive Chairman on 1 January 2015.

The Board (with Mr Harding abstaining) supports the election of Mr Harding as a director. Mr Harding is the independent Non-Executive Chairman of the Company.

RESOLUTION 3 CONFIRMATION OF APPOINTMENT OF PHILIPPE ETIENNE AS A DIRECTOR

In accordance with the commentary and guidance to Recommendation 2.3 of the ASX Corporate Governance Principles, the Company provides the following information concerning Mr Etienne:

Biographical details

Mr Etienne joined the Company as a Non-Executive Director on 1 January 2015. He is a Non-Executive Director of Transpacific Industries Group Limited and Sedgman Limited and the former Managing Director and Chief Executive Officer of Innovia Security Pty Ltd.

In addition, he was previously Chief Executive Officer of Orica Mining services and was a member of Orica Limited's Executive Committee. Mr Etienne's career includes senior executive positions with Orica in Australia, the USA and Germany including strategy and planning and responsibility for synergy delivery of large scale acquisitions.

Details of relationships between the Candidate and the Company

Mr Etienne is a Non-Executive Director of the Company.

Details of relationships between the Candidate and Directors of the Company

Not applicable.

Other directorships held

Mr Etienne is a Non-Executive Director of Transpacific Industries Group Limited and Sedgman Limited.

The term of office already served by Mr Etienne

Mr Etienne became a Non-Executive Director on 1 January 2015.

The Board (with Mr Etienne abstaining) supports the election of Mr Etienne as a director and considers him to be independent.

RESOLUTION 4 RE-ELECTION OF JAKE KLEIN AS A DIRECTOR

In accordance with the commentary and guidance to Recommendation 2.3 of the ASX Corporate Governance Principles, the Company provides the following information concerning Mr Klein:

Biographical details

Mr Klein is a Non-Executive Director of the Company and joined the Board on August 25, 2004. Mr Klein has also been Executive Chairman of Evolution Mining Limited since October 2011, a company formed following the merger of Conquest Mining Limited (of which he was Executive Chairman from May 2010 until the merger) and Catalpa Resources Limited. Prior to that, Mr Klein was President and Chief Executive Officer of Sino Gold Mining Limited, where he managed the development of that company into the largest foreign participant in the Chinese Gold Industry. Sino Gold Mining Limited was listed on the ASX in 2002 with a market capitalisation of A\$100 million and was purchased by Eldorado Gold Corporation in late 2009 for over A\$2 billion. Sino Gold Mining Limited was an ASX 100 company, operating two award-winning gold mines and engaging over 2,000 employees and contractors in China. Mr Klein resigned as a Director of Sino Gold Mining Limited in December 2009. Mr Klein was also a Non-Executive Director of OceanaGold Corporation between December 2009 and July 2014.

Prior to joining Sino Gold Mining Limited in 1995, Mr Klein was employed at Macquarie Bank and PricewaterhouseCoopers. Mr Klein is a past president of the NSW Branch of the Australia China Business Council and previously served on the NSW Asia Business Council.

Details of relationships between the Candidate and the Company

Mr Klein is a Non-Executive Director of the Company.

Details of relationships between the Candidate and Directors of the Company

Not applicable.

Other directorships held

Mr Klein is Executive Chairman of Evolution Mining Limited.

The term of office already served by Mr Klein

Mr Klein joined the Board as a Non-Executive Director on 25 August 2004.

The Board (with Mr Klein abstaining) supports the re-election of Mr Klein as a director and considers him to be independent.

RESOLUTION 5 SUBSEQUENT APPROVAL OF ISSUE OF ORDINARY SHARES TO THE COMPANY'S REAGENT SUPPLIER

5.1 Background to Resolution 5

In consideration for the supplier of two major chemical reagents for the Lynas Advanced Materials Plant (LAMP) agreeing to settle a "take or pay" amount of approximately RM 12.4 million (approximately A\$4.41 million), as detailed in Annexure A, the Company issued 116,076,858 Ordinary Shares to the supplier on the morning of Monday 20 July 2015, at the closing price of the Company's shares on the ASX on Friday 17 July 2015 (being A\$0.038 per share). The supplier also agreed to reduce the "take or pay" volumes to Lynas' current and expected future volumes of consumption.

The supplier is a Malaysian company that supplies chemical reagents to the LAMP. The supplier did not hold any other Lynas shares when the supplier acquired the shares referred to in this Resolution. At all times, the supplier's shareholding in Lynas has been less than 5%.

ASX Listing Rule 7.1 requires approval of the holders of ordinary securities of a listed company for an issue by an entity of equity securities if, over a 12 month period, the number of the equity securities issued is more than 15% of the number of ordinary securities on issue at the start of that 12 month period (subject to certain exceptions set out in Listing Rule 7.2).

Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and shareholders subsequently approve the issue.

Approval is sought for the issue and allotment of 116,076,858 Ordinary Shares to the supplier of two major chemical reagents for the LAMP. The shares were issued on the morning of Monday 20 July 2015, at the closing price of the Company's shares on the ASX on Friday 17 July 2015 (being A\$0.038 per share). Resolution 5 is being put to shareholders to enable Lynas to have the capacity to issue up to 15% of its issued ordinary securities over the next 12 months.

Additional information concerning the issuance of the shares was contained in the Company's ASX announcement dated 17 July 2015, a copy of which is attached as Annexure A.

Explanatory Memorandum

The recipient of the shares was not a "related party" of the Company under the Corporations Act.

For the purposes of Listing Rule 7.5:

- (a) the number of Ordinary Shares that Lynas issued and allotted was 116,076,858;
- (b) the price for the Ordinary Shares was A\$0.038 per Ordinary Share, being the closing price of the Company's shares on the ASX on Friday 17 July 2015;
- (c) the Ordinary Shares were issued on the same terms as, and rank equally with, all other existing Lynas Ordinary Shares, from the time of issue;
- (d) the allottee is the supplier of two major chemical reagents for the LAMP. Further details are set out in Annexure A; and
- (e) the net proceeds were applied in settlement of a "take or pay" amount of approximately RM 12.4 million (approximately A\$4.41 million), as detailed in Annexure A.

5.2 What will happen if Resolution 5 is passed

5.2.1 Advantages

If shareholders approve Resolution 5, Lynas will refresh its placement capacity. Although the Directors do not currently propose to issue further equity in the immediate future other than as set out in this Explanatory Memorandum, such a resolution provides funding flexibility in respect of potential acquisitions, investment opportunities, and general capital management initiatives that may arise.

5.2.2 Disadvantages/Risks

If the Company issues further equity, the percentage holdings in Lynas of shareholders who do not participate will be further diluted.

The Board of Lynas is of the opinion that these potential disadvantages and risks are substantially outweighed by the potential advantages and benefits associated with the Company refreshing its placement capacity, and accordingly considers that Resolution 5 is in the best interests of shareholders.

However, shareholders should consider their individual circumstances and make their own determination as to how to vote on Resolution 5.

5.3 What will happen if Resolution 5 is not passed

If shareholders do **not** approve Resolution 5:

- (a) if an opportunity of the type described in section 5.2.1 does arise, a Shareholder vote which does not approve Resolution 5 would constrain Lynas' ability to participate in that opportunity in a timely manner, or at all;
- (b) the Company will be restricted in raising further capital through a placement without shareholder approval; and
- (c) alternative funding sources may not be available.

RESOLUTION 6 SUBSEQUENT APPROVAL OF ISSUE OF WARRANTS TO THE HOLDERS OF THE COMPANY'S CONVERTIBLE BONDS

6.1 Background to Resolution 6

In consideration for the holders of the Company's convertible bonds agreeing to the extension of the convertible bond facility to 30 September 2018 and the related amendments that were summarized in the Company's ASX announcement dated 17 August 2015, a copy of which is set out in Annexure B, the Company issued 174,365,466 warrants to the holders of the convertible bonds on 7 September 2015.

Each Warrant is an option to acquire one Ordinary Share in the Company at any time up to 30 September 2018 at an exercise price of A\$0.038, and otherwise on the terms set out in Annexure C.

The Warrants were issued to the Company's convertible bond holders in proportion to their holdings of convertible bonds. The majority holder of the convertible bonds and the majority holder of the Warrants is the Mt Kellett group. If all of the Warrants are exercised, the aggregate number of new shares that would be issued upon exercise would be less than 5% of the issued shares in Lynas.

If any of the Warrants are exercised, the effect would be to dilute the shareholding of existing shareholders. The market price of the Ordinary Shares during the term of the Warrants will normally determine whether or not the Warrants are exercised. The highest closing price for Shares trading on ASX during the past 12 months was A\$0.095 which occurred on 29 September 2014 and the lowest closing price of Shares trading on ASX during the past 12 months was A\$0.030 which occurred on 25 June 2015. The most recent closing price of Shares trading on the ASX prior to the date of this Explanatory Memorandum was A\$0.033 which occurred on 1 October 2015.

ASX Listing Rule 7.1 requires approval of the holders of ordinary securities of a listed company for an issue by an entity of equity securities if, over a 12 month period, the number of the equity securities issued is more than 15% of the number of ordinary securities on issue at the start of that 12 month period (subject to certain exceptions set out in Listing Rule 7.2).

Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and shareholders subsequently approve the issue.

Approval is sought for the issue and allotment on 7 September 2015 of 174,365,466 Warrants, each to acquire one Ordinary Share in the Company, to the holders of the Company's convertible bonds. The Warrants have an exercise price of A\$0.038 and an expiry date of 30 September 2018, and are otherwise on the terms set out in Annexure C. Resolution 6 is being put to shareholders to enable Lynas to have the capacity to issue up to 15% of its issued ordinary securities over the next 12 months.

None of the recipients of the Warrants were "related parties" of the Company under the Corporations Act.

For the purposes of Listing Rule 7.5:

- (a) the number of Warrants that Lynas issued and allotted was 174,365,466;
- (b) details of the amendments to the terms of the Company's convertible bonds that were agreed in consideration for the issuance of the Warrants are set out in the Company's ASX announcement dated 17 August 2015, a copy of which is set out in Annexure B. There was no additional consideration paid for the issuance of the Warrants.
- (c) the exercise price of the Warrants is A\$0.038 per Warrant;
- (d) the expiry date of the Warrants is 30 September 2018. The terms of the Warrants are set out in Annexure C;
- (e) the allottees were the holders of the Company's convertible bonds; and
- (f) as noted above, there were no additional proceeds from the issuance of the Warrants. If all of the Warrants are exercised, the Company will receive up to A\$6.625 million.

6.2 What will happen if Resolution 6 is passed

6.2.1 Advantages

If shareholders approve Resolution 6, Lynas will refresh its placement capacity. Although the Directors do not currently propose to issue further equity in the immediate future other than as set out in this Explanatory Memorandum, such a resolution provides funding flexibility in respect of potential acquisitions, investment opportunities, and general capital management initiatives that may arise.

6.2.2 Disadvantages/Risks

If the Company issues further equity, the percentage holdings in Lynas of shareholders who do not participate will be further diluted.

The Board of Lynas is of the opinion that these potential disadvantages and risks are substantially outweighed by the potential advantages and benefits associated with the Company refreshing its placement capacity, and accordingly considers that Resolution 6 is in the best interests of shareholders.

However, shareholders should consider their individual circumstances and make their own determination as to how to vote on Resolution 6.

6.3 What will happen if Resolution 6 is not passed

If shareholders do **not** approve Resolution 6:

- (a) if an opportunity of the type described in section 6.2.1 does arise, a Shareholder vote which does not approve Resolution 6 would constrain Lynas' ability to participate in that opportunity in a timely manner, or at all;
- (b) the Company will be restricted in raising further capital through a placement without shareholder approval; and
- (c) alternative funding sources may not be available.

RESOLUTION 7

GRANT OF PERFORMANCE RIGHTS FOR THE BENEFIT OF CEO & MANAGING DIRECTOR – AMANDA LACAZE

Summary

In accordance with the terms of Amanda Lacaze's employment contract (details of which were announced to the ASX on 25 June 2014), the Company proposes to grant up to the following number of Performance Rights for the benefit of its Chief Executive Officer and Executive Director, Amanda Lacaze:

- (a) **Performance bonus:** A performance bonus of 4,464,286 Performance Rights (value A\$200,000) with a 12-month vesting period commencing 6 May 2015 and a 2 year exercise period, and otherwise in accordance with the Rules of the Rights Plan ("**Performance Bonus Performance Rights**");
- (b) **FY15 STI:** 4,971,828 Performance Rights (value A\$190,421) with a 12-month vesting period commencing 28 July 2015 and an exercise date in the first employee trading window after 28 July 2016, as an STI award in respect of FY15, subject to the conditions set out in the attached Explanatory Memorandum and otherwise in accordance with the Rules of the Rights Plan ("**FY15 STI Performance Rights**");
- (c) **LTI:** A Long Term Incentive ("**LTI**") of up to 19,411,764 Performance Rights (value A\$669,000) with a 3 year vesting period commencing 18 September 2015 and a 2 year exercise period, and otherwise in accordance with the Rules of the Rights Plan ("**LTI Performance Rights**"). This figure includes the potential award of 120% of the LTI Performance Rights that are subject to an NdPr production condition, as described below.

Explanatory Memorandum

Each Performance Right is a right to acquire one share in the Company (“Share”) in the future, subject to certain conditions. Unlike an Option, the holder of a Performance Right is not required to pay an exercise price in order to exercise his/her right to acquire Shares. The Performance Rights would be held via the Lynas Corporation Limited Employee Share Trust, the details of which are set out in Annexure E.

The Company believes that it is appropriate to grant Performance Rights, and not Options, to Ms Lacaze this year. Over the past few years, the Lynas share price has closely tracked global Rare Earths prices, and the volatility of global Rare Earths prices would make it difficult to strike an appropriate exercise price for Options in the current market environment. Ms Lacaze is a highly credentialed director who brings more than 25 years of senior operational experience to Lynas, including management of both publicly listed and private companies. It is appropriate that her remuneration package is benchmarked to the market and that her remuneration package includes incentives for long term performance that aligns with the interests of shareholders.

An external consulting firm, Mercer, provided data on Total Remuneration based on company peer groups to assist the Company to benchmark the remuneration package of the previous CEO. The remuneration package of Ms Lacaze was announced to the ASX on 25 June 2014, with a base salary 30% less than the base salary of the previous CEO and a Total Remuneration equivalent to the Total Remuneration of the previous CEO (i.e. Ms Lacaze has more remuneration at risk). This data was also used by the Company’s Nomination and Remuneration Committee to calculate a recommended number of Performance Rights to be granted to achieve remuneration in line with the Company’s remuneration policy based on peer group comparisons.

Listing Rule 10.14

Listing Rule 10.14 states that a company must not permit a Director or an associate of a Director to acquire securities under an employee incentive scheme without the approval of ordinary shareholders.

The following information is provided to shareholders for the purpose of Listing Rule 10.15:

- (a) The Performance Rights will be issued to the trustee of the Lynas Corporation Limited Employee Share Trust (the “EST Trustee”). The EST Trustee will hold the Performance Rights for the benefit of Amanda Lacaze, who is an Executive Director, as described in Annexure E.
- (b) The maximum number of Performance Rights to be granted under Resolution 7 is as follows:
 - (i) **Performance bonus:** 4,464,286 Performance Rights (value A\$200,000).
 - (ii) **FY15 STI:** 4,971,828 Performance Rights (value A\$190,421).
 - (iii) **LTI:** 19,411,764 Performance Rights (value A\$669,000) – This figure includes the potential award of 120% of the LTI Performance Rights that are subject to an NdPr production condition, as described below.
- (c) The Performance Rights will be granted as employee incentives and accordingly, except as described in Annexure E, the Performance Rights will be issued for no additional cash consideration. No amount will be payable on the exercise of the Performance Rights. The Performance Bonus Performance Rights will have a 12 month vesting period commencing 6 May 2015, and a 2 year exercise period. The FY15 STI Performance Rights will have a 12 month vesting period commencing 28 July 2015, and an exercise date in the first employee share trading window after 28 July 2016. The LTI Performance Rights will have a 3 year vesting period commencing 18 September 2015 and a 2 year exercise period.
- (d) The Performance Rights are subject to the following vesting conditions and performance hurdles:
 - (i) **Performance bonus:** The Performance Bonus Performance Rights have a 12-month vesting period commencing on 6 May 2015. They were awarded to Ms Lacaze, subject to shareholder approval, and conditional on satisfaction of performance hurdles relating to positive operating cash flow for at least 2 consecutive months and comprehensive plans being in place to manage residues at both the LAMP and Mt Weld. At the Lynas Board meeting on 6 May 2015, the Board concluded that both of the above performance hurdles had been satisfied. Accordingly, the Performance Bonus Performance Rights are now being put to shareholders for approval.
 - (ii) **FY15 STI:** The FY15 STI Performance Rights have a 12-month vesting period commencing on 28 July 2015. They were awarded to Ms Lacaze, subject to shareholder approval, as an STI award in recognition of recent achievements and as part of Lynas’ retention policies. In approving the proposed award, the Board took into account Ms Lacaze’s contribution to the following key performance areas:
 - (A) Improved production rates
 - (B) Decreased costs
 - (C) Improved cash management, and achievement of positive cash flow performance
 - (D) Rescheduling of the debt facilities to provide 3 years of runway.
 - (iii) **LTI:** The LTI Performance Rights will have a 3-year vesting period. The LTI Performance Rights are subject to the following performance hurdles:
 - (A) 50% will be conditional on the Company’s cumulative NdPr production from 1 July 2015 to 31 December 2017, in accordance with the following sliding scale:
 - a. If cumulative NdPr production from 1 July 2015 to 31 December 2017 is at least 10,440 tonnes, then 50% of the NdPr production portion will vest.
 - b. If cumulative NdPr production from 1 July 2015 to 31 December 2017 is at least 11,391 tonnes, then 100% of the NdPr production portion will vest.

- c. If cumulative NdPr production from 1 July 2015 to 31 December 2017 is at least 12,530 tonnes, then 120% of the NdPr production portion will vest.
- (B) 50% will be conditional on the company's Total Shareholder Return (TSR) being at least at the 51st percentile of ASX 200 companies calculated over the 3-year vesting period, in accordance with the following sliding scale:
- If the Lynas TSR is at least at the 51st percentile, 50% of the TSR portion will vest.
 - If the Lynas TSR is at least at the 76th percentile, 100% of the TSR portion will vest.
 - If the Lynas TSR is between the 51st percentile and the 76th percentile, a pro rata amount of between 50% and 100% of the TSR portion will vest (with the relevant percentile being rounded up or down to the nearest 5%, for ease of calculation).

The Directors believe that the above performance hurdles are the most important measures of long-term success for the Group. The NdPr Production hurdle in paragraph (d)(iii)(A) above defines long-term success in the context of production of the Group's most valuable product achieving at least the production targets set out in the Group's senior debt facility. As announced to the ASX on 17 August 2015, if the Group achieves those NdPr production targets, then the Group has the potential to reduce the interest rate payable on the senior debt facility in accordance with the table below:

Cumulative NdPr Production from 1 July 2015		Interest reduction	Interest penalty
31 December 2015	1860 tonnes	0.5%	0.25%
30 June 2016	3840 tonnes	0.5%	Nil
31 December 2016	5940 tonnes	0.5%	0.25%
30 June 2017	8040 tonnes	0.25%	0.25%
31 December 2017	10440 tonnes	0.25%	0.25%

The TSR hurdle is directly aligned with shareholder returns. The TSR hurdle compares shareholder returns from Lynas to shareholder returns from ASX 200 companies over the 3-year vesting period.

- (e) The Performance Rights were valued by the Company and its advisers (KPMG) as follows:
- Performance bonus:** The Performance Bonus Performance Rights were valued by the Company and its advisers (KPMG) at A\$0.0448 per Performance Right. Details of the calculation of those valuations are set out below.
 - FY15 STI:** The FY15 STI Performance Rights were valued by the Company and its advisers (KPMG) at A\$0.0383 per Performance Right. Details of the calculation of those valuations are set out below.
 - LTI:** Those LTI Performance Rights with an NdPr Production hurdle were valued by the Company and its advisers (KPMG) at A\$0.0391 per LTI Performance Right. Those LTI Performance Rights with a Total Shareholder Return (TSR) hurdle were valued by the Company and its advisers (KPMG) at A\$0.0289 per LTI Performance Right. Details of the calculation of those valuations are set out below.

- (f) Details of the securities granted under the Company's Employee Options and Performance Rights Plans to persons referred to in Listing Rule 10.14 since the issuance of securities pursuant to the Company's Employee Options Performance Rights Plans was approved by shareholders at the AGM on 28 November 2014 are set out below.

The following Performance Rights were granted for the benefit of Amanda Lacaze, as approved by shareholders at the Annual General Meeting held on 28 November 2014:

- Sign-on bonus:** A sign-on bonus of 862,069 Performance Rights with a 12-month vesting period (and no other vesting conditions) and a 2 year exercise period, and subject to the Rules of the Rights Plan;
- Performance bonus:** A performance bonus of 1,086,957 Performance Rights with a 12-month vesting period and a 2 year exercise period, and subject to the Rules of the Rights Plan;
- LTI:** A Long Term Incentive ("LTI") of up to 6,226,416 Performance Rights with a 3 year vesting period and a 2 year exercise period, and subject to the Rules of the Rights Plan.

Each of the above Performance Rights were granted as employee incentives and accordingly, except as described in Annexure E, the Performance Rights were granted for no additional cash consideration.

- (g) The names of all persons referred to in Listing Rule 10.14 who are entitled to participate in the Plan are: Amanda Lacaze.
- (h) No loan is granted by the Company for the acquisition of the Performance Rights. As described in Annexure E, the EST Trustee will provide a loan to Amanda Lacaze equivalent to the value of the Performance Rights to enable Amanda Lacaze to subscribe for Share Units in the EST. The Share Units in the EST will be issued for a consideration equal to the value of the Performance Rights to be issued for the benefit of Amanda Lacaze.
- (i) The Performance Rights will be issued no later than 12 months after the date of this Annual General meeting.
- (j) The Performance Rights will be issued to the EST Trustee for the benefit of Amanda Lacaze for no additional cash consideration, except as set out in Annexure E.

Explanatory Memorandum

Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each Director of the Company is considered to be related parties of the Company.

Resolution 7 provides for the grant of Performance Rights for the benefit of a Director of the Company, which is a financial benefit that requires shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

The related parties to whom the proposed resolutions would permit the financial benefit to be given

Amanda Lacaze

The nature of the financial benefit

The proposed financial benefit to be given is the grant of Performance Rights. The Performance Rights will be granted as employee incentives and accordingly, except as described in Annexure E, the Performance Rights will be issued for no additional cash consideration. The terms and conditions of the Performance Rights to be granted are set out in Annexure D to this Explanatory Memorandum. The Performance Rights cannot be sold, transferred, assigned or otherwise disposed of before the Performance Rights have vested.

Directors' recommendation and interests

All the Directors were available to consider the proposed Resolution 7.

Section 195 of the Corporations Act provides, in essence, that a Director of a public company may not vote or be present during meetings of Directors when matters in which that Director holds a "material personal interest" are being considered.

Amanda Lacaze has an interest in the outcome of the proposed resolution because she will be granted an interest in Performance Rights in accordance with the proposed resolution. Accordingly, Amanda Lacaze is unable to make a recommendation to shareholders concerning the proposed Resolution 7.

The other Directors of the Company (**Non Participating Directors**) do not have an interest in the outcome of the proposed resolution and consider themselves justified in making a recommendation to shareholders concerning the proposed Resolution 7. Each of the Non Participating Directors considers that the proposed Resolution 7 is in the best interests of the Company and its shareholders. It is important that the remuneration of the Directors is linked to the medium term and long term strategies of the Company. Proposed Resolution 7 will provide Amanda Lacaze with additional incentives to successfully implement the Company's strategies.

Therefore, each Non Participating Director recommends that shareholders vote in favour of Resolution 7.

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

The proposed Resolution 7 would have the effect of giving power to the Directors to grant Amanda Lacaze Performance Rights on the terms and conditions as set out in Annexure D and as otherwise mentioned above. The Company presently has on issue 3,488,438,369 ordinary shares. If the proposed Performance Rights to be granted for the benefit of Amanda Lacaze are approved by shareholders, the total number of Options and Performance Rights granted by the Company will be 97,647,532. This represents approximately 2.8% of the 3,488,438,369 ordinary shares that the Company has issued at the date of this Explanatory Memorandum.

If any Performance Rights granted as proposed above are exercised the effect would be to dilute the shareholding of existing shareholders.

The highest closing price for Shares trading on ASX during the past 12 months was A\$0.093 which occurred on 20 October 2014 and the lowest closing price of Shares trading on ASX during the past 12 months was A\$0.030 which occurred on 25 June 2015. The most recent closing price of Shares trading on the ASX prior to the date of this Explanatory Memorandum was A\$0.036 which occurred on 7 October 2015.

The other remuneration currently being received by the proposed recipient of the Performance Rights is set out on page 34 of the 2015 Annual Report of the Company and in the Company's ASX announcement dated 25 June 2014.

At the date of this Notice the proposed recipient of the Performance Rights, Amanda Lacaze, has an interest in 1,030,976 ordinary shares and 8,175,442 employee performance rights.

These numbers of Performance Rights were chosen by the Company's Nomination and Remuneration Committee in order to provide the Executive Director with an appropriate mix of cash remuneration and remuneration by way of Performance Rights. An external consulting firm, Mercer, provided data relating to Total Remuneration based on company peer groups to assist the Company to benchmark the remuneration package of the previous CEO. The remuneration package of Ms Lacaze was announced to the ASX on 25 June 2014, with a base salary 30% less than the base salary of the previous CEO and a Total Remuneration equivalent to the Total Remuneration of the previous CEO (i.e. Ms Lacaze has more remuneration at risk). This data was also used by the Company's Nomination and Remuneration Committee to calculate a recommended number of Performance Rights to be granted to achieve remuneration in line with the Company's remuneration policy based on peer group comparison. The Performance Rights component of the remuneration provides a link to the medium term and long term strategies of growing the Company for the benefit of all shareholders.

The Performance Bonus Performance rights were part of the remuneration package for Ms Lacaze that was announced to the ASX on 25 June 2014. As detailed in the ASX announcement dated 25 June 2014, Ms Lacaze is also entitled to a cash payment of \$200,000 following satisfaction of the conditions associated with these performance bonuses. Recognising the importance of cash conservation, Ms Lacaze has elected not to be paid the cash bonus of \$200,000 at this stage.

The FY15 STI Performance Rights equate to 15% of Ms Lacaze's total fixed remuneration. As announced to the ASX on 25 June 2014, Ms Lacaze may receive, in the Board's discretion, and annual LTI Performance Rights award equal to up to A\$600,000, which is approximately 50% of Ms Lacaze's total fixed remuneration.

It is not considered that from an economic and commercial point of view there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits forgone by the Company resulting from the grant of the Performance Rights pursuant to Resolution 7.

Vesting Period and Performance Hurdles

The Performance Rights have the vesting periods and terms referred to above on pages 10 and 11. The Performance Rights are subject to the performance hurdles set out on pages 10 and 11.

Valuation of Performance Rights

- (a) **Valuation of Performance Bonus Performance Rights:** The Directors, in conjunction with the Company's advisers, have determined the value of the Performance Bonus Performance Rights as follows.

The assumptions used by the Company and its advisers (KPMG) in calculating the value of the Performance Bonus Performance Rights were as follows:

5 day VWAP Price	A\$0.0448
Dividend Yield	0.00%
Grant Date:	6 May 2015

The Performance Bonus Performance Rights were valued by the Company and its advisers (KPMG) at A\$0.0448 per Performance Right. The Performance Bonus Performance Rights were valued at the 5 day VWAP from 30 April 2015 to 6 May 2015 less the present value of dividends between grant and maturity. Under the current assumptions (dividend yield is 0%) the value of those Performance Rights is taken to be equal to the 5 day VWAP. Each Performance Right will convert to Ordinary Shares of the company at a ratio of 1 LTI Performance Right to 1 Ordinary Share.

The 5 day VWAP period from 30 April 2015 to 6 May 2015 was selected by the Company as the appropriate VWAP period because it relates to the period immediately prior to Board approval of the grant of the Performance Bonus Performance Rights (subject to shareholder approval), which occurred on 6 May 2015.

Accordingly, the Company proposes to grant the Performance Bonus Performance Rights effective 6 May 2015 (subject to shareholder approval), in accordance with the Company's usual remuneration practices.

The maximum number of Performance Bonus Performance Rights that could be granted to Ms Lacaze pursuant to this Resolution is 4,464,286.

- (b) **Valuation of FY15 STI Performance Rights:** The Directors, in conjunction with the Company's advisers, have determined the value of the FY15 STI Performance Rights as follows.

The assumptions used by the Company and its advisers (KPMG) in calculating the value of the FY15 STI Performance Rights were as follows:

5 day VWAP Price	A\$0.0383
Dividend Yield	0.00%
Grant Date:	28 July 2015

The FY15 STI Performance Rights were valued by the Company and its advisers (KPMG) at A\$0.0383 per Performance Right. The FY15 STI Performance Rights were valued at the 5 day VWAP from 22 July 2015 to 28 July 2015 less the present value of dividends between grant and maturity. Under the current assumptions (dividend yield is 0%) the value of those Performance Rights is taken to be equal to the 5 day VWAP. Each Performance Right will convert to Ordinary Shares of the company at a ratio of 1 STI Performance Right to 1 Ordinary Share.

The 5 day VWAP period from 22 July 2015 to 28 July 2015 was selected by the Company as the appropriate VWAP period because it relates to the period immediately prior to Board approval of the grant of the FY15 STI Performance Rights (subject to shareholder approval), which occurred on 28 July 2015.

Accordingly, the Company proposes to grant the FY15 STI Performance Rights effective 28 July 2015 (subject to shareholder approval), in accordance with the Company's usual remuneration practices.

The maximum number of FY15 STI Performance Rights that could be granted to Ms Lacaze pursuant to this Resolution is 4,971,828.

Explanatory Memorandum

- (c) **Valuation of LTI Performance Rights:** The Directors, in conjunction with the Company's advisers, have determined the value of the LTI Performance Rights as follows.

The assumptions used by the Company and its advisers (KPMG) in calculating the value of the LTI Performance Rights were as follows:

5 day VWAP Price	A\$0.0391
Volatility	77.77%
Dividend Yield	0.00%
Lynas Beta	0.724
Grant Date:	18 September 2015
3 year risk free rate	1.93% pa
ASX200 1 Year Return	9.46%

The LTI Performance Rights with an NdPr Production hurdle were valued by the Company and its advisers (KPMG) at A\$0.0391 per Performance Right. The LTI Performance Rights with an NdPr Production hurdle were valued at the 5 day VWAP from 14–18 September 2015 less the present value of dividends between grant and maturity. Under the current assumptions (dividend yield is 0%) the value of those Performance Rights is taken to be equal to the 5 day VWAP. As the NdPr vesting condition is a "non-market" condition, that condition was not included in the valuation. For the purposes of valuation, it has been assumed that 120% of the LTI Performance Rights with an NdPr Production hurdle will vest. Each Performance Right will convert to shares of the company at a ratio of 1 LTI Performance Right to 1 Share.

The 5 day VWAP period from 14–18 September 2015 was selected by the Company as the appropriate VWAP period. This is consistent with the valuation of LTI awards by the Company in previous years, which has occurred at the date of award in late September (subject to shareholder approval). Accordingly, the Company proposes to grant the LTI Performance Rights effective 18 September 2015 (subject to shareholder approval), consistent with the Company's remuneration practices in previous years.

Those LTI Performance Rights with a Total Shareholder Return (TSR) hurdle were valued by the Company and its advisers (KPMG) at A\$0.0289 per Performance Right. Total Shareholder Return for Lynas and ASX 200 constituents was simulated 100,000 times using Monte Carlo simulation. A Geometric Brownian Motion ("GBM") evolution process was used with expected returns based on a Capital Asset Pricing Model ("CAPM") approach. The percentiles vesting were then calculated for each simulation. For each simulation, the value of the option was calculated using risk-neutral pricing, and this was multiplied by the percentage vesting.

The maximum number of LTI Performance Rights that could be granted to Ms Lacaze pursuant to this Resolution is as follows:

LTI Performance Rights with an NdPr Production hurdle:	up to 10,588,235*
LTI Performance Rights with a Total Shareholder Return (TSR) hurdle:	8,823,529
TOTAL:	up to 19,411,764*

* Each of the figures referred to above is calculated based on the most optimistic case, i.e. the figures above assume that 120% of the LTI Performance Rights with an NdPr Production hurdle will vest, and that the Lynas TSR is at least at the 76th percentile in the relevant period.

Below are tables setting out the number of Performance Rights that could be exercised by Ms Lacaze if the vesting condition is satisfied, and if the NdPr Production and TSR conditions are wholly or partly satisfied.

Class I - NdPr production from 1 July 2015 to 31 December 2017

Performance Conditions	10,440 tonnes	11,391 tonnes	12,530 tonnes
Percentage of LTI Performance Rights that may be Exercised	50% of NdPr Production portion	100% of NdPr Production portion	120% of NdPr Production portion
Number of LTI Performance Rights that may be Exercised	4,411,765	8,823,529	10,588,235
Value of those LTI Performance Rights at A\$0.039	\$172,500	\$345,000	\$414,000

Note: One LTI Performance Right in the above class was valued at A\$0.0391 as at 18 September 2015.

Class II - Total Shareholder Return (TSR)

Performance Conditions	at least 51st percentile	at least 76th percentile	between 51st and 76th percentile
Percentage of LTI Performance Rights that may be Exercised	50% of TSR portion	100% of TSR portion	pro rata amount of between 50% and 100% of TSR portion
Number of LTI Performance Rights that may be Exercised	4,411,765	8,823,529	Between 4,411,765 and 8,823,529
Value of those LTI Performance Rights at A\$0.029	\$127,500	\$255,000	Between \$127,500 and \$255,000

Note: One LTI Performance Right in the above class was valued at A\$0.0289 as at 18 September 2015.

Effect on the Company's Issued Securities of Resolutions 5, 6 and 7

On the date of this Explanatory Memorandum, excluding the securities referred to in Resolutions 5, 6 and 7, the Company has on issue, or has agreed to issue, the following equity securities:

Type of Security Issued or Agreed to be Issued	Equivalent Number of Ordinary Shares on a Fully Diluted Basis
Ordinary Shares (ASX Code: LYC)	3,372,361,511
Unlisted Employee Options and Unlisted Employee Performance Rights	68,799,654
USD225,000,00 Convertible Bonds maturing 30 September 2018, convertible at A\$0.5634 per share (subject to adjustment) based on a fixed exchange rate of US\$1.00 = A\$0.9533	380,710,863

If all of the securities referred to in Resolutions 5, 6 and 7 are added to the above table, it would read as follows:

Type of Security Issued or Agreed to be Issued	Approximate Equivalent Number of Ordinary Shares on a Fully Diluted Basis (Subject to Rounding)
Ordinary Shares (ASX Code: LYC) (including the 116,076,858 Ordinary Shares referred to in Resolution 5)	3,488,438,369
Unlisted Employee Options and Unlisted Employee Performance Rights (including the 28,887,129 Unlisted Employee Performance Rights referred to in Resolution 7)	97,647,532
Warrants referred to in Resolution 6 - Exercise Price A\$0.038, Expiry Date: 30 September 2018	174,365,466
USD225,000,00 Convertible Bonds maturing 30 September 2018, convertible at A\$0.5634 per share (subject to adjustment) based on a fixed exchange rate of US\$1.00 = A\$0.9533	380,710,863

Apart from the information set out in this Explanatory Memorandum, there is no other material information that is known to the Company or any of its directors that is reasonably required by shareholders to decide whether or not it is in the Company's interest to pass the Resolutions set out in this Notice of AGM.

Glossary

ASX means ASX Limited;

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth);

Corporations Act means *Corporations Act 2001* (Cth);

Director means a director of the Company;

Key Management Personnel has the same meaning as in the accounting standards (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executor or otherwise, of the Company).

Annexure A

ASX Announcement Dated 17 July 2015 Concerning Resolution 5

17 July 2015

Lynas Pleased with Amendments to Supply Contract

Lynas Corporation Limited ("Lynas") (ASX:LYC, OTC:LYSDY) today announced amendments to its contract with the supplier of two major chemical reagents for the Lynas Advanced Materials Plant (LAMP).

As reported in its Half Year Results on 13 March 2015, Lynas has carried a provision for onerous contracts, which represented the expected value of obligations arising under "take or pay" clauses of the supply agreement. Since signing this contract, Lynas has paid a total of approximately A\$25.1 million in "take or pay" payments and other penalties. As usage is forecast to continue at rates significantly below the original contracted quantities, Lynas had provided for an overall liability of A\$42.3 million at 31 December 2014.

However, as foreshadowed in the Half Year Results, Lynas has now successfully completed negotiations with the supplier, and further penalties are not expected to be payable under the amended agreement.

The original "take or pay" contract was signed in 2011, and the supplier constructed a new manufacturing plant to supply the LAMP. The proximity of the plant is highly desirable and Lynas and the supplier are both committed to maintaining a strong relationship. The key amendments to the contract include:

1. The "take or pay" volumes have been reduced to current and expected future volumes of consumption. Resetting the volumes to current and expected future volumes of consumption significantly de-risks this contract for Lynas.
2. The term of the amended supply contract will expire in January 2025.
3. Over the next 6 months, Lynas will pay approximately MYR1.3 million per month (approximately A\$0.46 million per month) in 6 monthly instalments to discharge an existing "take or pay" amount.
4. A further existing "take or pay" amount of approximately MYR12.4 million (approximately A\$4.41 million) is being settled by the issuance of Lynas shares with a total value of approximately A\$4.41 million to the Supplier. The price per share is the closing price on the ASX on 17 July 2015. An Appendix 3B and a cleansing statement in respect of the share subscription are expected to be lodged with the ASX on 20 July 2015.*
5. Following payment of the 6 monthly instalments referred to above and the issuance of the shares referred to above, the previous "take or pay" volumes will be fully discharged. This includes the waiver of "take or pay" amounts claimed to date by the supplier, but not paid, in the amount of approximately A\$7.6 million. The "onerous contract" provision referred to in note 15 of the Lynas financial statements for the half year ended 31 December 2014 in the amount of approximately A\$42.3 million is expected to be significantly reduced in Lynas' annual financial statements for the year ending 30 June 2015. Following payment of the final instalment referred to in paragraph 3 above, the "onerous contract" provision is expected to be fully removed from the accounts of Lynas.

The new contract conditions are now aligned to the needs of a sustainable Lynas business and are expected to support positive outcomes for Lynas and this key supplier. We are pleased with this outcome and look forward to a long and constructive relationship.

For all media enquiries please contact Renee Bertuch from Cannings Corporate Communications on +61 2 8284 9990.

* The Exchange Rate assumed in this announcement is A\$1.00 = MYR 2.8120. The figures referred to in paragraph 4 above will be finalized on 20 July 2015, based on the closing price of Lynas shares on the ASX on 17 July 2015 and the Closing Middle Rate of the Interbank Foreign Exchange Market as published by Bank Negara Malaysia on 17 July 2015.

Andrew Arnold

Company Secretary

Annexure B

ASX Announcement Dated 17 August 2015 Concerning Resolution 6

17 August 2015

Lynas Announces New Long Term Debt Structure

Lynas Corporation Limited ("Lynas") (ASX: LYC, OTC:LYSDY) today announced it had agreed a long term debt structure with its current debt providers, Japan Australia Rare Earths B.V. ("JARE") and the Mt Kellett led bondholder group.

Lynas CEO Amanda Lacaze said, "The refinancing strengthens the Company's financial position, extends the debt maturity profile and underpins the recent initiatives to position Lynas as a sustainable and financially viable business."

Over the last 14 months, Lynas has made significant progress in its goal to be a sustainable supplier of quality, environmentally assured Rare Earth materials. Lynas has consistently improved business performance in all areas.

These improvements have been detailed in each quarterly report. In summary:

- Production is now stable and at target rates. In the current quarter, production output is expected to be above 3,000 tonnes
- Sales revenue has more than doubled and continues to grow as production output grows
- A focus on product quality has enabled Lynas to build strong relationships with key customers, particularly in the Japanese market
- Cost reductions of over A\$40m per annum have been achieved well in excess of original targets. The company continues to work to achieve further reductions in the cost of production
- The business reported positive cash flow in the June quarter

This restructure of Lynas' debt agreements is the last step in positioning Lynas to be a sustainable and financially viable business.

Key elements of the debt restructure (full details of which are provided in Attachment 1) are:

- **Two year extension of principal debt maturity date.** The JARE facility, which previously matured on 30 June 2016, is extended to 30 June 2018. The Mt Kellett led bondholder facility which previously matured on 25 July 2016 is extended to 30 September 2018.
- **The Principal Repayments due prior to maturity under the JARE facility have been adjusted significantly.** Scheduled repayments in FY16 have reduced from US\$205m to US\$2m. A further US\$20m is due in FY17 with the remainder of the loan payable in FY18.
- **Creation of an A\$60 million liquidity buffer.** Interest repayments during the term of the facilities will continue to be deposited into restricted Lynas bank accounts for each facility. Interest liabilities will only be paid to the lenders to the extent that there is a total cash balance (unrestricted and restricted funds) in excess of A\$60m. The balance in the restricted accounts is available, at the lenders' discretion, for reuse in the Lynas business.
- **Potential to reduce debt service costs over the term of the JARE facility.** Lynas has agreed an interest regime which provides Lynas with the ability to reduce the effective interest rate on the JARE facility from 7% per annum to a floor of 2.8% per annum over time. The initial interest rate is unchanged at 7% per annum, however the new framework sets specific targets that, if met, will effect a cascading decrease in the interest rate payable on the facility. Significantly, the interest coupon with the Mt Kellett led bond holder group, is maintained at the low level of 2.75% per annum.
- **174,365,466 Warrants will be granted to the Mt Kellett led bond holder group at a strike price of A\$0.038 per share.** If these warrants are exercised it will provide the business with additional cash of up to A\$6.6m and demonstrates the strong support of the bondholder group.

Lynas CEO Amanda Lacaze said, "This announcement marks the end of speculation and uncertainty for all stakeholders. Lynas now has a strong, sustainable financial platform which complements its significantly improved and continuously improving business performance. The elements of the debt restructure clearly illustrate the strategic nature of both of Lynas' debt providers.

The extended term allows Lynas to consolidate, and further improve on, the good progress made to date. Importantly, it provides time for Lynas to invest in market development and allows product designers to engineer in Rare Earth solutions confident they have a sustainable supply source.

The terms relating to the payment of interest liabilities provide important protection for ongoing funding of operations and the agreed framework for reducing interest rates, on the JARE facility, is aligned to the delivery of elements that are imperative to business success.

This agreement is unreservedly good news for all stakeholders including shareholders, customers, staff, suppliers, debt providers, communities and regulatory authorities and government.

In particular, I am delighted that our debt providers have recommitted to the business and we welcome the opportunity to continue to work with them to improve business outcomes," Ms Lacaze concluded.

Mr Hisashi Sakaue, General Manager of Chemical Resources Department of Sojitz commented, "Sojitz on behalf of JARE is very pleased that the recent rescheduling of Lynas' debt will provide Lynas with a sound financial foundation to continue as a sustainable supplier to Japanese industry for the long term.

"Rare Earths are a vital input for many of today's state-of-the-art technologies, including high powered magnets, wind turbines, catalytic converters, oil cracking and hybrid motor vehicles. Japan is a leader in many of these fields, and Japan requires a secure, long term independent source of Rare Earths.

"With its recent improvements in operational performance, supply reliability and product quality, we have confidence in Lynas as our key strategic Rare Earths partner," Mr Sakaue concluded.

Roy Campbell, on behalf of the Mt Kellett led bondholder group commented, "Under the stewardship of Amanda Lacaze, we have seen substantial improvement over the past 14 months in all areas of the company's performance. We believe Lynas is exceptionally well-positioned to capitalize on opportunities coming out of the reshaping of the Rare Earth market."

Lynas CEO Amanda Lacaze said, "Rare Earth materials provide the best technical solution for many of the products that consumers demand today. We expect to see continued growth for our products and we are excited to grow our business as the market grows."

Further details of the new debt arrangements including the benefits to the business are included in the attachment to this release.

Japan Australia Rare Earths B.V. (JARE) is Lynas' senior secured lender. JARE is a special purpose company established by Sojitz Corporation and Japan Oil, Gas and Metals National Corporation (JOGMEC). Sojitz Corporation is a major Japanese trading house and the largest trader of Rare Earths in the Japanese market.

For all media enquiries please contact Renee Bertuch from Cannings Corporate Communications on +61 2 8284 9990.

ATTACHMENT 1

The following summary provides further detail on each element of the new debt arrangements.

Maturity Date

Both facilities have extended their final maturity dates.

Facility	Current	New
JARE	30 June 2016	30 June 2018
Bondholder group	25 July 2016	30 September 2018

Demand for Rare Earths products is expected to grow significantly over the next 3 years. The extension in maturity date provides Lynas with the opportunity to invest in market development with its partners, direct customers and end use formulators.

Market volatility and uncertainty over the past 5 years has, in some cases, translated to conservatism in usage of Rare Earths products. This new agreement provides customers with the confidence to formulate using Rare Earths products sourced from Lynas.

Principal Repayment Schedule

The Principal Repayments due prior to maturity under the JARE facility have been adjusted significantly.

Existing		New	
19 January 2014	US\$10m (paid)	19 January 2014	US\$10m (paid)
2 October 2014	US\$10m (paid)	2 October 2014	US\$10m (paid)
30 September 2015	US\$30m	30 June 2016	US\$2m
21 December 2015	US\$20m	21 December 2016	US\$5m
31 March 2016	US\$20m	30 June 2017	US\$15m
30 June 2016	US\$135m	21 December 2017	US\$30m
		30 June 2018	US\$153m

Liquidity Buffer

Interest repayments during the term of the facility will continue to be deposited into restricted Lynas bank accounts for each facility. Interest liabilities will only be paid to the lenders to the extent that there is a total cash balance (unrestricted and restricted funds) in excess of A\$60m. The balance in the restricted accounts is available, at the lenders’ discretion, for reuse in the Lynas business.

This accommodation offers significant value to the business. In providing this liquidity buffer, the lenders have recognised the ongoing volatility in the RE market and have provided Lynas with a platform to continue to compete for quality customers in quality segments. This will ensure that Lynas is well placed to benefit when market fundamentals return to more sustainable settings.

Debt Service Costs

The interest coupon on the bondholder facility remains at 2.75% for the duration of the loan. The interest payment dates are set at 30 June and 31 December each year. Interest payable on the Bonds in respect of the interest periods ending 31 March, 30 June, 30 September, 31 December 2015 and 31 March 2016 are deferred until 30 June 2016 without penalty.

The interest coupon on the JARE facility remains at 7%. The interest payment dates are set at 30 June and 31 December each year. Interest payable on the facility in respect of the interest periods ending 31 March, 30 June, 30 September, 31 December 2015 and 31 March 2016 are deferred until 30 June 2016 without penalty.

Under the new agreement, Lynas has the ability to reduce the effective interest rate on the JARE facility from 7% to a minimum floor of 2.8% over time. This is based on meeting certain milestones as shown below.

Production Target

Cumulative NdPr Production from 1 July 2015		Interest reduction	Interest penalty
31 December 2015	1860 tonnes	0.5%	0.25%
30 June 2016	3840 tonnes	0.5%	Nil
31 December 2016	5940 tonnes	0.5%	0.25%
30 June 2017	8040 tonnes	0.25%	0.25%
31 December 2017	10440 tonnes	0.25%	0.25%

If the target of 3840 tonnes is not met by 30 June 2016, Lynas agrees to start up SX5 Train 4 production. Lynas is continuously assessing the appropriate time to start up SX5 Train 4 which is largely dependent on market conditions.

Scheduled Repayments

Each time a scheduled repayment is fully paid on or before its scheduled repayment date, the interest rate decreases by 0.3% per annum effective from the day after the repayment is made.

Principal Prepayments

If, at any time on or before 21 December 2016, the total repayment and prepayment amount (including the US\$20m already repaid by 2 October 2014) is equal to or greater than US\$50m, the interest rate decreases by 1.0%. An additional 0.5% reduction applies if, at any time on or before 30 June 2017, the total repayment and prepayment amount (including the US\$20m already repaid by 2 October 2014) is equal to or greater than US\$70m.

Lynas believes that the production and repayment milestones are achievable providing significant potential to reduce the cash cost of servicing this debt facility. Importantly each of the milestones is aligned with the elements the business believes will underpin sustained success.

Warrants

Lynas has agreed to issue warrants to the Mt Kellett led bondholder group, for 174,365,466 shares at a strike price of A\$0.038 per share. This is a favourable condition for the company. If these warrants are exercised, they will provide additional cash to the business of up to A\$6.6m. Further details of the terms of the warrants are set out below.

Key Term	Description
----------	-------------

Overview

Subscribers of Warrants	The Mt Kellett led bondholder group
No. of Warrants	174,365,466 Warrants
Warrant issue price	The Warrants are being issued to the Subscribers at no cost. Accordingly, no additional funds will be raised by Lynas in connection with the issue of the Warrants to the Subscribers.
Warrant issue date	Within five trading days of this announcement.
Quotation	The Warrants will not be listed for quotation on ASX or any other securities exchange.

Exercise of Warrants

Warrant exercise price	A\$0.038 (subject to adjustment) per Warrant being exercised.
Warrant exercise period	The Warrants can be exercised at any time from the issue of the Warrants until 5.00pm (Sydney time) on 30 September 2018, at which point, any Warrants that have not been exercised will automatically lapse.
Entitlement	Each Warrant entitles the holder to subscribe for one fully paid ordinary share in Lynas upon exercise of each Warrant. Warrants are exercisable by giving notice to Lynas during the exercise period for the Warrants.
Ranking and quotation of shares issued on exercise	Each Lynas share issued upon exercise of a Warrant will rank pari passu with existing issued fully paid ordinary shares in Lynas. Lynas will apply for the issued shares to be listed for quotation on ASX and any other securities exchange on which Lynas shares are listed.

Annexure C

Terms of Warrants

Key Term	Description
Overview	
Subscribers of Warrants	The Mt Kellett led bondholder group
No. of Warrants	174,365,466 Warrants
Issue price	The Warrants are being issued to the Subscribers at no cost. Accordingly, no additional funds will be raised by Lynas in connection with the issue of the Warrants to the Subscribers.
Issue date	7 September 2015
Quotation	The Warrants will not be listed for quotation on ASX or any other securities exchange.
Exercise of Warrants	
Exercise price	A\$0.038 (subject to adjustment as set out below) per Warrant being exercised.
Exercise period	The Warrants can be exercised at any time from the issue of the Warrants until 5.00pm (Sydney time) on 30 September 2018, at which point, any Warrants that have not been exercised will automatically lapse.
Entitlement	Each Warrant entitles the holder to subscribe for one fully paid ordinary share in Lynas upon exercise of each Warrant. Warrants are exercisable by giving notice to Lynas during the exercise period for the Warrants.
Ranking and quotation of shares issued on exercise	Each Lynas share issued upon exercise of a Warrant will rank <i>pari passu</i> with existing issued fully paid ordinary shares in Lynas. Lynas will apply for the issued shares to be listed for quotation on ASX and any other securities exchange on which Lynas shares are listed.
Other key terms of Warrants	
Takeover threshold	The Subscribers must not exercise any Warrant, and Lynas shall have no obligation to issue Lynas shares, where a consequence of the issue of Lynas shares would result in that Subscriber's voting power exceeding 20%.
Right to participate in new share issues	The Warrants do not entitle holders to participate in new share issues.. Lynas must notify Warrant holders of any proposed new pro rata issue ten business days before the record date for such issue.
Right to participate in dividends	The Warrants do not entitle holders to participate in dividends paid in respect of Lynas shares until the Warrants have been validly exercised, and new Lynas shares have been issued, prior to the record date for the relevant dividend. Lynas must provide 15 business days' notice to Warrant holders prior to the record date for the relevant dividend.
Adjustments	Various adjustments to the Warrants will be triggered in certain circumstances, in accordance with the ASX listing rules, including where there is a reorganisation of Lynas' capital and in the event of a bonus issue of shares.
Transferable	Warrants are transferable subject to compliance with Chapter 6D of the Corporations Act as it applies at the relevant time, including with respect to any applicable restrictions as to onsale to retail investors over the 12 month period following the date of issue.
Representations and warranties	Each of Lynas and the Subscribers makes standard representations and warranties for a transaction of this nature, including in relation to status, corporate power and ability to enter into and perform their respective agreed obligations. Lynas also makes representations and warranties in relation to its compliance with disclosure requirements under the ASX listing rules and Corporations Act, consents and approvals required and the validity of the Warrants. Each Subscriber also makes representations and warranties in relation to being a sophisticated or professional investor (as defined in the Corporations Act).

Annexure D

Terms of the Lynas Employee Performance Rights Plan

1. Name

This Plan shall be called the Lynas Corporation Limited (ACN 009 066 648) – Performance Rights Plan.

2. Purpose

The Purpose of this Plan is to:

- (1) recognise the ability and efforts of the directors, employees and consultants of the Company who have contributed to the success of the Company;
- (2) provide an incentive to the directors, employees and consultants to achieve the long term objectives of the Company and improve the performance of the Company; and
- (3) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its directors, employees and consultants.

3. Commencement

This Plan shall take effect from such date as is resolved by the Board of Directors.

4. Interpretation

In these rules, unless the context otherwise requires:

“**ASX**” means ASX Limited;

“**Board of Directors**” means the Board of Directors of the Company from time to time acting by resolutions made in accordance with the Corporations Act and the Constitution of the Company;

“**Business Day**” means a day on which trading banks are open for business in Sydney, Australia;

“**Change of Control Event**” means a shareholder, or a group of associated shareholders, acquiring relevant interests in sufficient shares in the Company to give it or them the ability, in general meeting, to replace all or a majority of the Board of Directors and that ability is successfully exercised;

“**Company**” means Lynas Corporation Limited ACN 009 066 648;

“**Corporations Act**” means the *Corporations Act 2001* (Cth);

“**Director**” means an executive or non-executive director of the Company, from time to time;

“**Eligible Person**” means each individual or corporate entity that is a full-time or part-time employee or consultant of the Company, a Director or an Officer of the Company. The Board of Directors has determined that non-executive Directors may not participate in the Plan;

“**Listing Rules**” means the Listing Rules of ASX;

“**Offeree**” means a person to whom Rights are offered under this Plan;

“**Officer**” has the same meaning as is ascribed to that term in the Corporations Act.

“**Official Quotation**” means quotation on the Official List of ASX;

“**Plan**” means this Plan as amended from time to time;

“**Rights Holder**” means a person to whom Rights are issued under this Plan;

“**Rights**” means the Rights granted under this Plan to subscribe for Shares;

“**Rules**” means these rules as from time to time amended;

“**Shares**” means the ordinary fully paid shares in the capital of the Company; and

“**Vesting Date**” means, in respect of a Right, the date three (3) years after the date of grant of the Right.

Annexures

5. Eligibility

All Eligible Persons shall be entitled to participate in the Plan.

6. Limitation on Total Number of Rights

The combined number of options and performance rights over unissued Shares in the Company that may be issued under this Plan and under any other employee incentive plan at any time shall not exceed 5% of the total number of Shares on issue from time to time.

7. Number of Rights

The number of Rights an Eligible Person is to be allocated shall be determined by the Board of Directors in its sole and absolute discretion. The number of Rights that Directors are to be allocated will be subject to the approval of shareholders in general meeting.

8. Terms and Conditions of Rights

The terms and conditions of each allocation of Rights shall be determined by the Board of Directors in its sole and absolute discretion. The expiry date of Rights shall be up to five (5) years after the date on which the Rights were granted. In addition to the requirement that the Offeree must be an Eligible Person on the Vesting Date, Rights may be issued subject to such additional vesting conditions as are determined by the Board of Directors in its sole and absolute discretion.

9. Recipient of Shares

Subject to Rule 18, an Eligible Person may only apply in his/her own name to take up his/her entitlement, or part thereof, to Rights under the Plan.

10. Offer Letter and No Certificates

The Company shall issue a letter to each Offeree setting out the number of Rights offered and the deadline for acceptance of the offer. If an Offeree does not accept the offer before the deadline for acceptance, the offer will lapse and those Rights will not be issued.

No certificates will be issued for the Rights, and the Company's register of Rights Holders will be conclusive evidence of the matters set out therein.

11. Terms and Conditions of Rights to be Issued to Eligible Persons

11.1 Monies may be payable for the issue of the Rights.

11.2 If a Change of Control Event occurs, Rights do not vest automatically. The general position is that Rights will remain in effect, with no change to the Vesting Date.

Ultimately, a discretion remains with the Board as to whether Rights will vest upon a Change of Control Event, and if so, how many. The key criteria to be applied by the Board is what is reasonable in the circumstances. For example, if the management team remains intact following a Change of Control Event, the general position is that Rights will remain in effect, with no change to the Vesting Date.

11.3 Despite anything contained elsewhere in these Rules, but subject to Rules 11.4 and 12.2, a Right is only exercisable, if immediately following the Vesting Date, the Rights Holder is an Eligible Person.

11.4 The Board of Directors may waive or amend the operation of Rule 11.3 (but so as not to increase the period for the exercise of a Right) as it applies to a Rights Holder in the case of hardship or for any other just reason.

11.5 Each Right shall carry the right in favour of a Rights Holder to subscribe for one Share.

11.6 Shares allotted to Rights Holders on the exercise of Rights shall be issued for no additional monetary consideration.

11.7 Rights shall not be listed for official quotation on ASX.

11.8 A Rights Holder may not sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of a Right. The Board of Directors may waive or amend the operation of this Rule as it applies to a Rights Holder in cases of hardship or for any other just reason.

11.9 Rights may be issued on the basis that (subject to satisfaction of the vesting conditions) they will be automatically exercised on a specified date without further action required by the Rights Holder. Subject to satisfaction of the vesting conditions, all other Rights shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Rights Holder to exercise all or a specified number of Rights held by him. An exercise of only some Rights shall not affect the rights of the Rights Holder to the balance of the Rights held by him.

11.10 The Company shall allot the resultant Shares within five (5) business days of the exercise of the Rights.

11.11 Shares allotted pursuant to an exercise of Rights shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.

- 11.12 The Company shall, in accordance with Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise of Rights listed for Official Quotation.
- 11.13 Rights Holders do not have a right to participate in new issues without exercising their Rights in accordance with Listing Rule 6.19.
- 11.14 In the event of any reorganisation of capital of the Company, all rights of the Rights Holder will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation in accordance with the Listing Rules.
- 11.15 The Rights will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Rights.
- 11.16 The number of Shares to be issued pursuant to the exercise of Rights will be adjusted for bonus issues made prior to exercise of Rights. The effect will be that upon exercise of the Rights the number of Shares received by the Rights Holder will include the number of bonus Shares that would have been issued if the Rights had been exercised prior to the record date for bonus issues. The exercise price of the Rights shall not change as result of any such bonus issue.
- 11.17 The Company shall notify each Rights Holder and ASX within one (1) month after the record date for a bonus issue of the adjustment to the number of Shares over which the Rights exist.

12. Termination of Rights

- 12.1 Despite anything contained elsewhere in this Plan, if a Rights Holder ceases to be an Eligible Person prior to the specified Vesting Date of his / her Rights, then unless otherwise determined by the Board at its sole discretion, the unvested Rights held by the Rights Holder will continue to be subject to the rules of the Plan until the Vesting Date of the Rights, at which time the Rights will vest in accordance with the rules of the Plan.
- 12.2 If the Board exercises its discretion to cancel such Rights, such Rights will be cancelled within 6 months of the Board decision, except where the Rights Holder has been made redundant where cancellation will occur within 36 months of the Board decision.

13. Restrictions on Alterations to the Plan

The Plan may be amended at any time by resolution of the Board of Directors of the Company subject to the requirements from time to time of the Corporations Act and the Listing Rules. Any such amendment however shall not adversely affect the rights of Rights Holders who are granted Rights prior to such amendment without the consent of the Rights Holder, unless such amendment is required by, or necessitated by amendments to, either the Corporations Act or the Listing Rules.

14. Rights of Employees

The Plan shall not form part of any contract of employment between the Company and any of its employees or Directors and shall not confer directly or indirectly on any Eligible Person the right to be employed by or to continue to be employed by or hold any position in relation to the Company.

15. Powers of the Directors

The Plan shall be administered by the Board of Directors who shall have the power to:

- 15.1 determine procedures from time to time for administration of the Plan consistent with these rules;
- 15.2 resolve conclusively all questions of fact or interpretation arising in connection with the Plan; and
- 15.3 delegate to any one or more persons for such period and on such conditions as may be determined by the Board of Directors, the exercise of any of the Board of Directors' powers or discretions arising under the Plan.

16. Termination of Plan

The Plan may at any time be terminated by the Board of Directors but such termination shall not affect the rights of holders of Rights issued prior to termination.

17. Governing Law

This Plan shall be governed by, administered and construed in accordance with the Laws of New South Wales.

18. Employee Share Trust

Despite anything contained elsewhere in these Rules, Rights may be issued to the trustee of the Lynas Corporation Limited Employee Share Trust or a successor trust (the **EST Trustee**) to be allocated for the benefit of a specified Eligible Person. Any requirement in these Rules that a Rights Holder be an Eligible Person is satisfied where the EST Trustee holds Rights for the benefit of an Eligible Person.

Annexure E

Details of the Employee Share Trust

The Company has established the Lynas Corporation Limited Employee Share Trust ("EST"). The EST Trustee is a special purpose company known as Lynas Corporation Employee Share Plan Pty Ltd. The beneficial interest in the EST is divided into Share Units.

The EST operates in conjunction with the existing Lynas Performance Rights Incentive Plan, as described below.

The EST allows certain directors and employees selected by the Board of Directors to be offered the benefit of shares, options and performance rights in Lynas. The key reasons for the establishment of the EST are:

1. Lynas has found that a traditional employee option plan on its own does not facilitate retention of shares by employees after exercise of their options. The reason is that many employees find it necessary to immediately sell their shares in order to fund the exercise of their options. The EST structure enables the exercise of employee options to be funded from the EST, as described below. This will enable shares to be retained in the EST for the benefit of employees following the exercise of options.
2. Facilitating the retention of shares for the benefit of employees after the exercise of options will also assist with the retention of key employees.
3. A traditional employee option plan on its own creates complex taxation issues for employees. The taxation issues for employees arising from the EST are simpler because the employees own Share Units in the EST and they do not directly own options in the Company.

The key steps that will occur when performance rights are issued to the EST under the Lynas Performance Rights Incentive Plan for the benefit of a director or an employee (the "**Employee**") are as follows:

1. Lynas issues the performance rights to the EST. Lynas makes a contribution to the EST equal to the value of the performance rights (as determined under AASB2) and the performance rights are issued to the EST at that value.
2. The EST provides a loan to the Employee equivalent to the value of the performance rights to enable the Employee to subscribe for Share Units in the EST. The loan is non-recourse. The Share Units in the EST are issued for a consideration equal to the value of the performance rights issued for the benefit of the Employee.
3. After the applicable vesting period (usually three years) the Employee can direct the EST to exercise the performance rights.
4. If, following exercise of the performance rights, the underlying shares are to be sold, the Employee's Share Units are redeemed and the Employee receives an amount equivalent to the net consideration from the sale of the underlying shares (less repayment of any loans and other amounts owing by the Employee).
5. The total number of options and performance rights in the Company that may be issued under Lynas Employee Incentive Plans at any time cannot exceed 5% of the total number of shares on issue from time to time.

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CORPORATE DIRECTORY

ABN 27 009 066 648

Registered Office

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Tel: +61 8 6241 3800
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general@lynascorp.com

Principal Administrative Office

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26080 Kuantan, Pahang Darul Makmur
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Share Register

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Level 12, Grosvenor Place
225 George Street
Sydney NSW 2000 Australia
Tel: +61 2 9290 9600
Fax: +61 2 9279 0664
enquiries@boardroomlimited.com.au

Auditors

Ernst & Young

680 George Street
Sydney NSW 2000 Australia



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ALL CORRESPONDENCE TO:

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By Fax:

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Online:

www.boardroomlimited.com.au

By Phone:

(Within Australia) 1300 737 760
(Outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10.00am (AEDT) on Saturday 21 November 2015.**

TO VOTE ONLINE

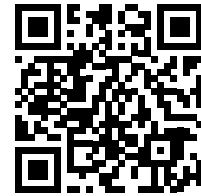
STEP 1: VISIT www.votingonline.com.au/lynasagm2015

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your VAC:

PLEASE NOTE: For security reasons it is important you keep the above information confidential.

BY SMARTPHONE



Scan QR Code using
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1: Appointment of Proxy

Indicate who you want to appoint as your Proxy

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2: Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3: Sign the Form

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: Where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: To sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: This form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person.

Please indicate the office held by signing in the appropriate place.

STEP 4: Lodgement

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10.00am (AEDT) on Saturday, 21 September 2015.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

Online www.votingonline.com.au/lynasagm2015

By Fax + 61 2 9290 9655

By Mail Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

In Person Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Lynas Corporation Limited

ABN 27 009 066 648

YOUR ADDRESS:



This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

Proxy Form

STEP 1: Appoint a Proxy

I/We being a member/s of **Lynas Corporation Limited** and entitled to attend and vote hereby appoint:

the Chair of the Meeting (mark box with an "X")

OR If you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Sheraton on the Park, 161 Elizabeth St, Sydney NSW 2000 on Monday 23 November 2015 at 10am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Important Notice: If you appoint the Chair of the Meeting as your proxy (or the Chair of the Meeting becomes your proxy by default) and you do not direct your proxy how to vote on Items 1 and 7 you expressly authorise the Chair of the Meeting to exercise the proxy in relation to Items 1 and 7 even though those resolutions are connected with the remuneration of members of the Key Management Personnel and even if the Chair of the Meeting has an interest in the outcome of the resolution.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business. If you do not want the Chair of the Meeting to vote your proxies in this manner, complete Step 2 below.

STEP 2: Voting Directions to your Proxy – please mark **X** to indicate your directions

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Confirmation of Appointment of Mike Harding as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Confirmation of Appointment of Philippe Etienne as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of Jake Klein as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Subsequent Approval of Issue of Ordinary Shares to the Company's Reagent Supplier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Subsequent Approval of Issue of Warrants to the holders of the Company's Convertible Bonds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Grant of Performance Rights for the benefit of CEO & Managing Director – Amanda Lacaze	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3: Signature of shareholders

This form *must* be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name:

Contact Daytime Telephone:

Date: / / 2015