Lynas Corporation Ltd

Annual General Meeting
23 November 2015
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Today

• Performance in FY15

• Focus on Mt Weld

• Market developments

• FY16 Priorities
Production Growing and on Target

Rare Earth Oxide (Tonnes)

- FY14: 3,965, Production volume total 946, Production volume NdPr 445
- Q1 FY15: 2,043, Production volume total 454, Production volume NdPr 445
- Q2 FY15: 2,177, Production volume total 542, Production volume NdPr 542
- Q3 FY15: 1,973, Production volume total 432, Production volume NdPr 432
- Q4 FY15: 2,606, Production volume total 839, Production volume NdPr 839
- YTD FY15: 8,799, Production volume total 2,258, Production volume NdPr 2,258
- Q1 FY16: 3,171, Production volume total 968, Production volume NdPr 968

Production volume total
Production volume NdPr
Sales Growing by Volume and by Value

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Volume (REO t)</th>
<th>Sales Collection (AU$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>3,008 t</td>
<td>$58.4m</td>
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<tr>
<td>Q1 FY15</td>
<td>1,546 t</td>
<td>$32.4m</td>
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<td>Q2 FY15</td>
<td>2,014 t</td>
<td>$44.2m</td>
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<tr>
<td>Q3 FY15</td>
<td>1,970 t</td>
<td>$25.9m</td>
</tr>
<tr>
<td>Q4 FY15</td>
<td>2,353 t</td>
<td>$52.7m</td>
</tr>
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<td>YTD FY15</td>
<td>7,883 t</td>
<td>$155.3m</td>
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<tr>
<td>Q1 FY16</td>
<td>2,691 t</td>
<td>$55.9m</td>
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</tbody>
</table>

Sales volume (REO t) and Sales Collection (AU$ million)
25% REDUCTION IN UNIT OPERATING COST

Operating Cost / Kg (excl. depreciation)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>AU $</th>
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<tr>
<td>Q1 FY15</td>
<td>21.0</td>
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<tr>
<td>Q2 FY15</td>
<td>19.0</td>
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<tr>
<td>Q3 FY15</td>
<td>20.0</td>
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<tr>
<td>Q4 FY15</td>
<td>18.0</td>
</tr>
<tr>
<td>Q1 FY16</td>
<td>16.0</td>
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</tbody>
</table>
40% reduction in Overheads

Overheads vs LAMP Production
(excl. restructuring costs & employee share based payment)

Production Volume (REO t)
Overheads

Production Volume REOt

Q4 FY14
Q1 FY15
Q2 FY15
Q3 FY15
Q4 FY15
Q1 FY16

A$'mil

Q4 FY14
Q1 FY15
Q2 FY15
Q3 FY15
Q4 FY15
Q1 FY16

0
500
1,000
1,500
2,000
2,500
3,000
3,500

0
1.0
2.0
3.0
4.0
5.0
6.0
7.0
8.0
9.0
10.0

Production Volume REOt
Overheads

Production Volume REOt

Overheads

Lynas Corporation LTD
Right sized workforce delivering improved efficiency

Headcount vs Production

- Production Volume (REOt)
- Total Production Headcount

Production Volume REOt
- May-14: 600
- Jun-14: 600
- Jul-14: 600
- Aug-14: 600
- Sep-14: 600
- Oct-14: 800
- Nov-14: 800
- Dec-14: 800
- Jan-15: 800
- Feb-15: 800
- Mar-15: 800
- Apr-15: 800
- May-15: 800
- Jun-15: 800
- Jul-15: 800
- Aug-15: 800
- Sep-15: 800

Production Headcount
- May-14: 200
- Jun-14: 200
- Jul-14: 200
- Aug-14: 200
- Sep-14: 200
- Oct-14: 300
- Nov-14: 300
- Dec-14: 300
- Jan-15: 300
- Feb-15: 300
- Mar-15: 300
- Apr-15: 300
- May-15: 300
- Jun-15: 300
- Jul-15: 300
- Aug-15: 300
- Sep-15: 300
Production planned to optimise equipment and energy use

- 55% growth in production
- 16% growth in electricity consumption
Production planned to optimise equipment and energy use

**Gas vs Oxides Production (Index)**

- 115% growth in Oxide production
- 16% growth in gas consumption
Reduced Logistics costs
WA Landside transport

![Chart showing reduced logistics costs over time, with significant decreases in costs per container, especially from Sep to Nov. The chart indicates a decrease in the number of containers shipped.]

- **Costs per Container**
- **Total Containers shipped**
- **Average costs per container**

*Graph showing the reduction in logistics costs from July to September, with a significant decrease in costs per container and a decrease in total containers shipped.*
Reduced logistics costs
Sea Freight

Savings ranging from 49% - 52%
Improved cash flow

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>Q1 FY15</th>
<th>Q2 FY15</th>
<th>Q3 FY15</th>
<th>Q4 FY15</th>
<th>YTD FY15</th>
<th>Q1 FY16</th>
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<tr>
<td>Net operating</td>
<td>-103.2</td>
<td>-10.8</td>
<td>-5.1</td>
<td>-24.0</td>
<td>7.9</td>
<td>-31.9</td>
<td>4.5</td>
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<tr>
<td>Net investing</td>
<td>-8.6</td>
<td>-0.8</td>
<td>-3.0</td>
<td>-4.4</td>
<td>-1.5</td>
<td>-9.6</td>
<td>-3.2</td>
</tr>
<tr>
<td>Total operating</td>
<td>-111.8</td>
<td>-11.6</td>
<td>-8.0</td>
<td>-28.4</td>
<td>6.4</td>
<td>-41.6</td>
<td>1.3</td>
</tr>
</tbody>
</table>
Mining and 1st Stage processing at Mt Weld, WA

Tony Malloch
GM Mt Weld
Our Challenges:
Our Resource, Water, Distance
Committed to Safety & Environmental protections

Ducks on the tailings dam at Mt Weld

Local Wildlife
Radiation Safety Monitoring Program

3 programs carried out by an AELB accredited consultant

- Occupational Exposure Monitoring Program (OEMP)
- Environmental Radiation Monitoring Program (ERMP)
- Aerosol Monitoring System (AMS)

Results

- ERMP off-site showed radiation levels that EQUAL the background
- AMS reading at the LAMP and Kuantan are EQUAL i.e. no impact to the environment
- IAEA 2014 reported dose rates that are “INTRINSICALLY LOW”
Kuantan, Malaysia
Rare Earths Market Estimates
Increasing growth rates especially in magnets

- Approx. 1/3 Processed in CHINA and consumed CHINA
- Approx. 1/3 Processed in CHINA and consumed in Rest of World (ROW)
- Approx. 1/3 Processed in ROW and consumed in ROW

Estimated REO demand in magnet industry

2010-2020 CAGR: 9%
Rare Earths Magnets are the best choice for small/medium motors

- **NdFeB benefits fully leveraged with e-cars**
  - Weight reduction = Reduced consumption
  - Better efficiency = Smaller batteries
Lynas can differentiate as a supplier

- Quality and environmental assurance from mine to customer is important in key growth segments (Automotive, Wind turbines)
  - Lynas offers assurance and traceability of all product
- Rare Earths products can be differentiated based on quality and performance
  - Lynas is working with target customers who seek to innovate in their markets
- Permanent magnet use is not yet at optimal levels
  - Lynas is working with Magnet makers to increase product usage
- Customers in Japan, Europe and the US are seeking an independent reliable supplier
  - Lynas is the only non Chinese miner and separator of rare earths
- Customers require supply reliability and price predictability
  - Lynas offers long term contracts tailored to customer needs
- Market growth depends on pull through from consumer markets
  - Lynas is directly engaged with OEMs and end users
Our Team
The slides in this presentation containing Rare Earths market data have been sourced from independent analysis of end application demand, along with Lynas estimates of quantities of Rare Earths end use in various key applications.

Although Lynas believes that the outcomes expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Forward-looking statements are based on assumptions and contingencies which are subject to change without notice. Factors that could cause actual results to differ materially from those in forward-looking statements include new Rare Earths applications, the development of economic Rare Earths substitutes, and general economic, market or business conditions. While Lynas has made every reasonable effort to ensure the veracity of the information presented, Lynas does not guarantee the accuracy and reliability of the estimates, forecasts and conclusions contained herein. Accordingly, the Rare Earths market data in this presentation should be used for general guidance only. There can be no guarantee that actual outcomes will not differ materially from forward-looking statements.