

6 September 2018

Lynas delivers its first full year profit in FY18

Operational improvements and stronger balance sheet position the company for growth

- First NPAT of \$53.1m (FY17: restated loss of \$0.5m)
- EBIT increased to \$81.0m (FY17: loss of \$14.5m)
- EBITDA increased to \$121.9m (FY17: \$29.4m)
- Adjusted EBITDA increased to \$127.0m (FY17: \$31.9m)¹
- Revenue grew to \$374.1m (FY17: \$257.0m)
- Gross profit grew to \$121.1m (FY17: \$14.7m)
- Total REO production of 17,753 tonnes (FY17: 16,003 tonnes)
- NdPr production of 5,444 tonnes (FY17: 5,223)
- Positive cash flows from operating activities of \$118.5m (FY17: \$34.0m)
- Principal amount of loan facilities reduced to US\$165.2m (FY17: US\$425.0m)
- Substantial progress on \$35 million Lynas NEXT project

Lynas Corporation Ltd (ASX:LYC, OTC:LYSDY) today released its Financial Report for the year ending 30 June 2018 (FY18). The Company reported a net profit after tax of \$53.1m, its first statutory profit as a Rare Earths company, and a significant improvement from the restated loss of \$0.5m recorded in FY17.

Lynas Corporation CEO and Managing Director, Amanda Lacaze, said: “This result is the culmination of four years of intense focus on operational excellence and customer development. During the 2018 financial year, we increased production, strengthened our portfolio of customers in key markets, achieved record sales, and our Group debt reduced by 61%.

“Lynas is now recognised as a proven and profitable producer of Rare Earth materials positioned to grow with the market. This year we launched and made substantial progress on Lynas NEXT, our \$35 million capacity building project. Thanks to our skilled and dedicated team, Lynas NEXT improvements have been delivered alongside uplifts in production volumes at our mine in Mt Weld and our world-class processing plant in Kuantan.”

¹ Refer to Note 7 to the enclosed Financial Statements for the basis of this measure

Stronger Balance Sheet

Significant balance sheet improvements were recorded in the 2018 financial year. Lynas achieved its first statutory profit as a Rare Earths company of \$53.1m and its first positive EBIT of \$81.0m. Positive cash flows from operating activities increased to \$118.5m.

Group debt reduced from US\$425.0 million on 1 July 2017 to US\$165.2 million on 30 June 2018 following repayments on the JARE senior loan and the conversion of Convertible Bonds.

The Company completed a 10 for 1 share consolidation on 4 December 2017, bringing the number of shares on issue into line with peers. Significantly for shareholders, Lynas re-entered the S&P/ASX 200 Index on 18 December 2017. The Company's share price recorded strong growth from \$1.05 on 1 July 2017 to \$2.34 on 30 June 2018 (on a post-consolidation basis) and market capitalisation increased from \$386 million to \$1.55 billion during the same period.

Regulatory Environment

Lynas is proud of its world-class operations in Malaysia and Australia and of its record of regulatory compliance at both sites. Following the Malaysian election on 9 May 2018, the new government has undertaken to review many aspects of the Malaysian economy and media reports indicate that Lynas may be part of this review. Lynas looks forward to working with the new Government and will co-operate with the Government with confidence in its five-year track record of safe operations.

Lynas NEXT/Outlook

As the second largest producer of high-value NdPr in the world, and the only proven miner and processor of Rare Earth materials outside of China, Lynas is poised to benefit from accelerating demand for specialty Rare Earth materials used in high-tech and eco-friendly manufacturing.

The \$35m Lynas NEXT project was announced at the 2017 Annual General Meeting and substantial progress has been made during 2018. The objectives of the project are to increase output, expand the product range and deliver greater production efficiency.

As part of the Lynas NEXT project, Lynas has embarked on a drilling programme to better understand the Mt Weld ore body and ensure feedstock to meet the higher demand from our customers. The 1st of 6 drilling campaigns was completed in 2018 and on 6 August 2018, Lynas released an updated Mt Weld Rare Earth Mineral Resources and Ore Reserves Statement. This confirmed a 25+ year mine life at Lynas NEXT output rates which will allow Lynas to benefit from the expected increase in demand in the future. The updated Statement showed a 70% increase in the Mt Weld Mineral Resource and a 60% increase in the Mt Weld Ore Reserve. This increase allows us to make firm commitments to our customers, and to confidently invest in new technology and market development.

The Company produced over 500 tonnes/month of NdPr in 2 out of 3 months during the June 2018 quarter and is on track to demonstrate its capacity to produce 600 tonnes/month NdPr in the January 2019 quarter (136% of design). Regulatory approvals will be required to sustainably produce NdPr at this higher volume.

Work on the Lynas NEXT project is expected to complete by December 31 2018.

About Lynas Corporation

Lynas Corporation Ltd (ASX: LYC) is a proven and profitable producer of specialty Rare Earth materials. The company operates one of the world's highest grade Rare Earth mines in Mt Weld, Western Australia, and a sustainable chemical processing operation, the Lynas Advanced Materials Plant (LAMP), in Kuantan, Malaysia. Lynas is the second largest producer of Neodymium-Praseodymium (NdPr) material in the world and the leading supplier of NdPr to the free market. For more information visit: lynascorp.com or watch our video: <https://www.youtube.com/watch?v=L4Gf8IEBb9s&feature=youtu.be>

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