

**Lynas AGM 2017**  
**Chairman's Address**

Ladies and Gentlemen, on behalf of the Lynas Board, I would like to welcome all our shareholders today.

2017 has been a very successful year for Lynas, as we have finally seen the benefits of the strategies we implemented over the past three years.

In 2015, we focused on four main areas for improvement on which to build a solid base for the future.

The four areas were:

- Production and quality;
- Cost management;
- Debt restructuring; and
- Market position

During 2017, the company has achieved record production and revenue, while reducing unit cost. We have also made a very significant improvement to our balance sheet and become the second largest producer of NdPr in the world.

This strong performance has resulted in the market capitalization of the company increasing to around A\$1 billion.

I would now like to summarise the progress we made on each of the areas I mentioned earlier.

**Production:**

In FY2017, production of NdPr increased by 1,327 tonnes compared to FY2016. In addition, total rare earth oxide production increased by 3,372 tonnes.

Lynas has maintained a very good safety record during five years of operations. However, we have had some lost time injury incidents during the year, and management has taken positive steps to improve our safety performance, including a new program that focusses specifically on daily safety awareness at the LAMP.

**Costs:**

In relation to costs, the company achieved further cost efficiencies in the year, with only a slight increase in total operating costs compared to last year, which is very pleasing taking into account the significant increase in production volumes.

**Loan Facility Amendments:**

At last year's AGM, the amendments to the loan facility were approved, and came into effect in December 2016, and as a result, Lynas has been able to:

- Extend the terms of both facilities to mid-2020
- Significantly reduce the interest rates on both facilities, and
- Eliminate all future fixed principal repayments during the term of the facilities.

Prior to the loan facility amendments, Lynas debt totalled US\$425 million – US\$200 million owed to JARE and US\$225 million owed under the convertible bond facility.

Lynas' debt now total US\$266.5 million – US\$170 million owed to JARE and US\$96.5 million owed under the convertible bond facility. This is a 37% reduction in Lynas' total debt.

While we would have preferred to avoid the shareholder dilution caused by the bond conversions, we were pleased to see the share price continue to increase during the period of bond conversions.

**Board:**

As I highlighted during my presentation at the AGM last year, we undertook a board renewal process during 2017. In May this year, we announced the appointment of John Humphrey as a new Non- Executive Director. In September, we announced the appointment of Grant Murdoch as a new Non- Executive Director.

Later in the meeting, we will speak further about Liam Forde and his contributions to the Company. Liam intends to retire from the board at the conclusion of today's meeting. At that time, subject to confirmation of his appointment during today's meeting, Grant Murdoch will become the Chairman of the Lynas Audit & Risk Committee.

I would now like to take the opportunity to thank and congratulate our Chief Executive Officer, Amanda, her executive team and importantly all of Lynas's employees and contractors who have worked very hard this year to achieve such a significant result on all key business measures – record production, record sales, record cashflow and our leading position in the market. We now need to look to the future and again improving our performance. Amanda will clearly articulate our main focus areas to achieve this.

I recognise the support of our lenders and finally, and very importantly, I would like to thank all of our shareholders, especially those who have remained with us through the difficult times and are here now to see the company's continued success.

Thank you