Chairman’s address
Stable operating costs and higher production rates

**Total Operating Costs vs Production**
(excl. restructuring costs, STI & employee share based payment)

- **Q1 FY15**
  - NdPr Production (RTS): 1200
  - Others (RTS): 300
  - Costs (A$'mill): 1500

- **Q1 FY16**
  - NdPr Production (RTS): 1300
  - Others (RTS): 350
  - Costs (A$'mill): 1650

- **Q1 FY17**
  - NdPr Production (RTS): 1400
  - Others (RTS): 400
  - Costs (A$'mill): 1800

- **Q1 FY18**
  - NdPr Production (RTS): 1500
  - Others (RTS): 450
  - Costs (A$'mill): 1950

**Sales Revenue (A$'m)**

- **FY15**
  - Sales Revenue: 170

- **FY16**
  - Sales Revenue: 180

- **FY17**
  - Sales Revenue: 190

- **FY18**
  - Sales Revenue: 200

**Net Operating CF**

- FY15: -31.9
- FY16: 4.6
- FY17: 35.1
- FY18: -10.8

**Net Investing CF**

- FY15: -9.6
- FY16: -10.3
- FY17: -2.2
- FY18: -0.8

**Operating & Investing CF**

- FY15: -41.6
- FY16: -5.7
- FY17: 32.8
- FY18: -11.6
Continuous improvement in NdPr and total production throughput

Production Volume

Quarter

Q1 FY15 | Q1 FY16 | Q1 FY17 | Q1 FY18

2,043 | 3,171 | 3,665 | 4,665

Sales Volume (tonnes)

Quarter

Q1 FY15 | Q1 FY16 | Q1 FY17 | Q1 FY18

1,546 | 2,691 | 3,080 | 4,503
Significantly improved cash flow

Cash Flow (excl. AELB payment)

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investing CF</td>
<td>-9.6</td>
<td>-10.3</td>
<td>-2.2</td>
</tr>
<tr>
<td>Net Operating CF</td>
<td>-31.9</td>
<td>4.6</td>
<td>35.1</td>
</tr>
<tr>
<td>Operating &amp; Investing CF</td>
<td>-41.6</td>
<td>-5.7</td>
<td>32.8</td>
</tr>
</tbody>
</table>

Cash Flow (excl. AELB payment)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investing CF</td>
<td>-0.8</td>
<td>-3.2</td>
<td>-0.4</td>
</tr>
<tr>
<td>Net Operating CF</td>
<td>-10.8</td>
<td>4.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Operating &amp; Investing CF</td>
<td>-11.6</td>
<td>1.3</td>
<td>1.3</td>
</tr>
</tbody>
</table>
The Balance Sheet is being progressively de-leveraged

<table>
<thead>
<tr>
<th></th>
<th>Outstanding 31/12/16</th>
<th>Outstanding 24/11/17</th>
<th>Debt Reduced during 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>JARE Facility (1)</td>
<td>US$ 200,000,000</td>
<td>US$ 170,000,000</td>
<td>US$ 30m</td>
</tr>
<tr>
<td>Convertible Bonds (2)</td>
<td>US$ 225,000,000</td>
<td>US$ 96,500,000</td>
<td>US$ 128.5m</td>
</tr>
<tr>
<td></td>
<td><strong>Outstanding 31/12/16</strong></td>
<td><strong>Outstanding 24/11/17</strong></td>
<td><strong>Cash received by Lynas during 2017</strong></td>
</tr>
<tr>
<td>Warrants at $0.038 (3)</td>
<td>174,365,466</td>
<td>0</td>
<td>A$ 6.6m</td>
</tr>
<tr>
<td>Warrants at $0.05 (4)</td>
<td>348,843,836</td>
<td>271,322,983</td>
<td>A$ 3.9m</td>
</tr>
</tbody>
</table>

1) In Aug 2017 restricted cash accounts were closed. JARE waived interest totalling US$15m and this amount was applied as a US$15m principal repayment under the JARE facility.

2) 1.875% Convertible Bonds each with a face value of US$1.00, due 30 September 2020 convertible at A$ 0.10 per share with FX of 0.75. Since July 2017, US$128.5m of the Convertible Bond debt has been converted into equity.

3) Warrants exercisable at $0.038 on or before 30 September 2018.

4) Warrants exercisable at $0.05 on or before 30 September 2020.
Changes to the Lynas Board in 2017

- Jake Klein resigned in May 2017 after 12 years as a Non-Executive Director
- John Humphrey was appointed as a Non-Executive Director in May 2017
- Grant Murdoch was appointed as a Non-Executive Director in September 2017
- Liam Forde will resign on 28 November 2017 after 10 years as a Non-Executive Director
Lynas is the world #1 supplier of NdPr to the free market.

- **Australia**: Mount Weld rare earths deposit and processing plant, Perth office.
- **Europe & USA**: Important strategic end use markets.
- **Malaysia**: LAMP, Kuantan and Corporate office.
- **China & Japan**: Core client base for rare earth metals.
Introducing Lynas NEXT

Optimise value from existing assets and capability
- 500 tonnes/month NdPr from April 2018
- 600 tonnes/month NdPr from January 2019
- Higher value product mix
- Improved plant reliability and recoveries

Strengthen and Derisk the Business
- Contribute to total market growth
- Engage directly with target OEM users
- Reduce revenue volatility with long term contracts
- Increased sales of differentiated products
Rare Earth market growth is accelerating driven by magnets (NdPr)

Demand forecast to accelerate from 2020, driven by Electrified Vehicles and Automation-Appliances

Additional 5000 tonnes of NdPr needed every 5 years

The market needs sustainable supply
With Lynas NEXT, Lynas grows with the market and plays a major role in supporting development and adoption of new technologies
Currently treating Li/CZ (gold) ore from CLD deposit

AP (red) ore will be treated later

Depth of AP ore zone limited by “AC” (air core) drill penetration

Part 1 (“AP Depth Extension”) of a six part exploration program is underway using “RC” (reverse circulation) drill rig

Preliminary results show depth extension of AP mineralisation

New base of AP mineralisation is deeper than before

New mineral resource and ore reserve due in 2018 after completion of drilling and analysis

Transition and Fresh Rare Earth mineralization has been intersected under AP zone
Lynas NEXT
Increase Throughput

• 600 tonnes/month NdPr from January 2019
• Improved operational reliability
  - Cracking and Leaching operations
  - Waste water and residue management
  - Tunnel Furnaces
• Improved operational Recoveries
  - Mt Weld ball mill
  - Mt Weld flotation circuit
  - MgO neutralization
Lynas NEXT
Enhance Product Mix

• Higher value product mix
  - Up to 150 tonnes/month of separated Nd and Pr
  - Up to 200 tonnes/month of additional separated Ce and La
  - Higher quality and more grades of La and Ce to meet customer needs
# Lynas NEXT
## Excellent Return on Capital

**Incremental CAPEX: $22.5m**

**Total CAPEX: $35m**

<table>
<thead>
<tr>
<th></th>
<th>Total Capex Invested</th>
<th>NdPr per annum</th>
<th>NdPr per month</th>
<th>Capex per tonne per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment costs + Production Lines</td>
<td>A$M</td>
<td>REOt</td>
<td>REOt</td>
<td>A$/kg</td>
</tr>
<tr>
<td></td>
<td>749</td>
<td>1,956</td>
<td>163</td>
<td>382.9</td>
</tr>
<tr>
<td>Additional Production Lines</td>
<td>259</td>
<td>3,282</td>
<td>274</td>
<td>78.9</td>
</tr>
<tr>
<td>Project NEXT Optimisation of existing production lines</td>
<td>35</td>
<td>1,962</td>
<td>163</td>
<td>17.8</td>
</tr>
<tr>
<td></td>
<td><strong>1,008</strong></td>
<td><strong>5,238</strong></td>
<td><strong>437</strong></td>
<td></td>
</tr>
</tbody>
</table>

![Lynas Corporation logo](logo.png)

14
45 million EV global sales are estimated by 2030

### Key Motor Technology Choices

<table>
<thead>
<tr>
<th>Technology</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMM with NdFeB magnets</td>
<td>Most energy efficient, Cheaper battery = Cheaper car, Most compact, Lightest, Decreased efficiency at high RPM, Magnet resistance to high temperature.</td>
</tr>
<tr>
<td>IM Induction</td>
<td>Cheaper motor, Least energy efficient, Bigger &amp; heavier, Heat at high speed, Requires bigger batteries</td>
</tr>
<tr>
<td>EESM Externally Excited</td>
<td>Wider control, Bigger, Heavier, Heat management, Wearing parts maintenance</td>
</tr>
<tr>
<td>PMa-SynRM with NdFeB magnet</td>
<td>Robust, Good torque, Vibrations and noise, Under development</td>
</tr>
</tbody>
</table>

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![Motor Diagram](image1)

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![Motor Diagram](image2)
Lynas NEXT
Drive total Market Growth

Residual “Fake News” provides Lynas with the opportunity to establish its positive credentials

**Fake News**

- PMM electrical motors are expensive because of Rare Earth
- China dominates with 95% of supply and reserves
- It is risky to choose RE solutions due to volatile pricing and uncertain supply
- Rare Earths production creates environmental damage
- Rare Earth supply chain is opaque

**Lynas Truth**

PMMs have a **higher acquisition cost** but **years of lower consumption**, due to motor efficiency and lower vehicle weight

**Lynas** is #2 producer with 20% share of global NdPr market and #1 supplier of NdPr to the free market.

**Lynas** offers long-term pricing to support entire vehicle programs
**Lynas** has significant Rare Earths reserves and can efficiently increase capacity to satisfy demand

**Lynas** undertakes life cycle assessment on all inputs to continuously reduce environmental impacts.
**Lynas** has a strong track record with 5 years of safe operation

**Lynas** works with the most important metal and magnet makers
**Lynas** is a dependable partner on REE supply chain decisions
Lynas NEXT
Drive Total Market Growth

- Assure supply reliability
- Engage directly with Automotive Industry on Rare Earth technologies
- Invest in Application R&D
- Promote sustainable business practices

Lynas is no longer a challenger we are a market leader
Lynas Next
Improve Revenue Quality

Reduce revenue volatility with confirmed long term customer contracts

Improve pricing and customer relationships with a broader product portfolio

- Secure large share of “rest of world market” through strategic end user contracts with component makers and OEMs
- Deliver improved offers through partnerships with magnet producers
- Continue to grow share of Japanese market

- Enter new markets with separated Nd and Pr, average 10% price premium:
  - Pigment market, Autocat, Pure Nd Magnets
  - Project NEXT meets 100% of outside China demand
- Support higher share in separated La and Ce markets:
  - FCC, Ferrite for La, Autocat
  - Deliver higher purity and customer specified materials
Lynas is the rare earths producer that understands automotive needs

- Stable financial structure
- Specific knowledge of automotive challenges
- State-of-the-art infrastructure
- Stable pricing and contractual terms over the length of vehicle programs
- Ability to secure supply and respond efficiently to EV market growth
- Experienced management team on overall REE supply chain
- Guaranteed environmental and SCR certification, traceability
- Independent

Lynas Next
Supplier of choice to the Automotive market
Lynas leads the market in sustainability

**Resource Optimisation & Water Management**
Lynas has, and continues to, optimise flotation techniques to continuously improve ore utilisation.

**Best Practice Environmental strategies**
Lynas prioritises the safety of people, the community and the environment and has implemented industry leading environmental solutions in all parts of its operation.

**Delivering to customer needs**
Lynas is supporting technology adoption with key users and where relevant is implementing long term supply agreements.

**Ongoing Community engagement**
Lynas runs long and short term engagements to contribute to the local communities in Malaysia and in Mt Weld.
Competent Person’s Declaration

Competent Person’s Declaration and Compliance Statements

Exploration information in this Announcement is based on, and fairly represents, information compiled by Mr. Brendan Shand who is a consultant geologist to Lynas Corporation. Mr. Shand is a Member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Shand consents to the inclusion in this document of the information in the form and context in which it appears.

Qualifying Statement

This release may include forward-looking statements. These forward-looking statements are based on a number of assumptions made by the Company and its consultants in light of experience, current conditions and expectations concerning future events which the Company believes are appropriate in the present circumstances. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Lynas Corporation, which could cause actual results to differ materially from such statements.