Lynas Update

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Investing to Diversify our industrial footprint

Gebeng, Malaysia
World’s largest Rare Earths plant, separating and refining rare Earth Concentrate
New opportunities for downstream processing being studied

Western Australia
Tier 1 deposit at Mt Weld: Mining and Concentration. Cracking & Leaching plant in Kalgoorlie by 2023

Texas, United States
MOU with a skilled US partner, Blue Line Corporation
High value plant producing separated Heavy Rare Earths and value added Specialty Materials
Making significant progress on Lynas 2025 initiatives

Mt Weld, WA: Production ramp up to meet forecast demand growth

Kalgoorlie, WA: Building a new Cracking & Leaching plant in WA

Malaysia: Investing in increased downstream processing, product range, recycling

United States: Filling a market gap with new separation and product finishing capability

**FY20 Progress**

- Increasing Dysprosium (Dy) and Terbium (Tb) content of SEG by blending Duncan ore into the feed
- Optimising circuit changes
  - Pre-leach to reduce carbonate levels in concentrate
  - Kiln drying of concentrate
- Option signed on industrial site in Kalgoorlie for new plant
- Kalgoorlie processing plant awarded Lead Agency status by the Government of Western Australia (Dec 2019) and Major Project status by the Australian Government (Feb 2020)
- Project team established: Approvals and Engineering workstreams progressing well
- La and Ce quality improvements have delivered increased average selling price during the half year
- Circuit upgrades to further improve product quality have been completed
- Advanced plans for proposed Texas separation plant developed with Blue Line Corporation following signing of MOU on 20 May 2019
Campaign 3 Pit looking North East
COVID-19 Protocols implemented at both sites

Arrival at front gate < 50% staffing

Pre-start meeting

Social distancing in control room & other site facilities

Disinfecting surfaces

Temperature testing
Rare Earths make vehicles lighter and more efficient

Electric drives and generators
Electric motors throughout vehicle

Rare Earths make vehicle emissions cleaner

Catalytic Convertor
Reducing NOx, CO

Hybrid NiMH battery
Continued **global demand for Rare Earths**

- **Global market:**
  - Short term demand likely to be subdued due to COVID-19
  - Long term growth expectations remain strong
- **NdPr growth over the next 10 years**
  - Automotive: Significantly affected by COVID-19, but expected to be more limited for EVs
    - Predicted -20% Global sales in 2020
    - Increased government support for EVs
      - Proposed 500 billion Euro EU Recovery Fund
      - China extended subsidies for EVs
    - Seeing greater resilience in NE Asian auto markets e.g. Korea
      - Korea -6% in Q1 20, growing in April
  - Wind Energy growth expected to accelerate from 2021
  - Reports of new stock piling program in China for NdPr, Dy, Tb (first since 2017)
- **Lynas:**
  - Well established as alternative to China supply
  - Successful development of higher value added products
  - COVID19 has increased appetite for RE supply chain alternatives to China:
    - Lynas is engaging with end users and governments
  - Successful development of higher value products for La, Ce:
    - New grades piloted in Q3 FY20; under qualification by selected customers
    - Commercialisation starting in Q4 FY20, including for new applications
    - Opportunity for substantial margin improvement with decreased dependence on market prices
Heavy Rare Earths (HREs) are an attractive proposition

The market needs HREs

For each additional 30m eCars

- +2000 tons Dy (100% of current annual supply)
- +21000 tons NdPr (60% of current annual supply)

Supply concentrated in China

- All HRE separation
- Most HRE ore (decreasing)

Who else but Lynas?

We have the expertise

- We have the expertise
- Inhouse IP & proven track record in RE separation

- The high Dy content at our Mt Weld, Western Australia, mine (including Duncan) was noted on page 2 of our 6 August 2018 ASX release

Our project is ready to go: 18 month timeline

- Detailed study finalized with Blueline at Hondo (TX)
Planning continues for our Heavy Rare Earth separation facility

**Mt Weld, WA:** Maximising our Heavy Rare Earths

**Process Design:** Finalized

**Detailed engineering:** Well advanced

**Market:** Strong appetite for separated HREs outside China

### FY20 Progress

- Blending Duncan ore into the feedstock is increasing the Dysprosium (Dy) and Terbium (Tb) content of our SEG product
- Opportunities to optimize HRE recoveries
- Process design led by Lynas team members with operational experience of design and operation
  - Design now finalized following extensive work
  - Process benchmarked with best in class separation
- Detailed engineering work is well advanced
  - Primary equipment has been specified and quoted
  - Construction plans in progress
- Strong demand for Dy/Tb supply from magnet makers and magnet buyers
- Marketing plan for all production including customized downstream RE compounds used in different industries (Aerospace, Phosphors etc)
- Key markets include USA, Japan, Korea and Europe
## Sustainable Success. What does it take?

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<th>Vertical Integration</th>
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<td>Geology &amp; Mining → Concentrator → Cracking &amp; Leaching → Separation → Product Finishing → Product Development → Sales &amp; Marketing</td>
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<th>Development of Intellectual Property</th>
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<td>Proven, proprietary inhouse expertise takes time</td>
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<td>Deep Technical support from RE experts</td>
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<th>Supportive Financiers and Shareholders</th>
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<td>Long term view</td>
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<tr>
<td>Able to support Extended ramp up</td>
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<tr>
<td>Ready to invest in Growth</td>
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<tr>
<td>Bespoke product development</td>
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<td>Product qualification takes year(s) not months</td>
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<td>Supportive customers</td>
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<th>Hard Earned Market Position</th>
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<td>Community education regarding NORM</td>
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<td>Sustainable Producer – (ISO accreditation, LCA, Ecovadis “Gold level”)</td>
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<td>Economies of scale</td>
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<th>Competitive Cost Position</th>
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<td>High grade, long life orebody</td>
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<td>Capital efficiency</td>
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