

# NOTICE OF ANNUAL GENERAL MEETING

**This is an important document.  
Please read it carefully.**

If you are unable to attend the Annual General Meeting, please complete the Proxy Form enclosed at the back of this document and return it in accordance with the instructions.

To be held on  
Tuesday 26 November 2019  
at 10.00am (Sydney time)  
at the Westin Hotel  
1 Martin Place, Sydney, NSW



# Notice of Annual General Meeting

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Notice is hereby given that the 2019 Annual General Meeting of shareholders of Lynas Corporation Limited ("**Company**") will be at the Westin Hotel at 1 Martin Place, Sydney, NSW on Tuesday 26 November 2019 at 10.00 am (Sydney time) for the purpose of transacting the following Business.

## Ordinary Business

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### 2019 FINANCIAL STATEMENTS

To receive and consider the financial statements of the Company for the year ended 30 June 2019, consisting of the Annual Financial Report, the Directors' Report and the Auditor's Report.

### RESOLUTION 1 – REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

***"That the Remuneration Report of the Company for the year ended 30 June 2019 be adopted."***

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**Note:** Pursuant to section 250R(3) of the Corporations Act 2001, the vote on this resolution is advisory only and it does not bind the directors or the Company.

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**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolution 1:

- by or on behalf of a member of the Key Management Personnel as disclosed in the Lynas Remuneration Report (KMP), or an associate or a closely related party of such a member (such as close family members and any companies the person controls) regardless of the capacity in which the vote is cast; and
  - as a proxy by a member of the KMP at the date of the Annual General Meeting or an associate or a closely related party of such a member, unless the vote is cast by:
    - a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
    - the person chairing the meeting as proxy for a person who is entitled to vote and the proxy does not specify how the chair is to vote but expressly authorises the chair to vote undirected proxies as the chair sees fit (even if the resolution is connected with the remuneration of the key management personnel).
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### RESOLUTION 2 – RE-ELECTION OF KATHLEEN CONLON AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

***"That Kathleen Conlon, having retired as a director of the Company pursuant to Article 13.2 of the Company's Constitution and, being eligible, having offered herself for re-election, be appointed as a director of the Company."***

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**Note:** Pursuant to article 13.2 of the Company's Constitution, one-third of the directors of the Company (other than the managing director), or if their number is not a multiple of 3, then such number as is appropriate to ensure that no director other than alternate directors and the managing director holds office for more than 3 years, must retire at each Annual General Meeting and, being eligible, may offer themselves for re-election.

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## RESOLUTION 3 – GRANT OF PERFORMANCE RIGHTS FOR THE BENEFIT OF CEO AND MANAGING DIRECTOR – AMANDA LACAZE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

***"That pursuant to and in accordance with Listing Rule 10.14 of the ASX Listing Rules, and for all other purposes, the Company approves and authorises the Directors of the Company to grant, for the benefit of Amanda Lacaze, the following rights to subscribe for ordinary shares in the Company:***

- (a) *FY19 STI Performance Rights:*** 109,148 Performance Rights with a 12-month vesting period commencing on 26 August 2019 and an exercise date in the first employee trading window after 26 August 2020, as a Short Term Incentive ("STI") award in respect of FY19, subject to the conditions set out in the attached Explanatory Memorandum and otherwise in accordance with the Rules of the Rights Plan
- (b) *LTI Performance Rights:*** A Long Term Incentive ("LTI") of up to 436,592 Performance Rights with a 3 year vesting period and a 2 year exercise period, and subject to the conditions set out in the attached Explanatory Memorandum and otherwise in accordance with the Rules of the Rights Plan."

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**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolution 3:

- by or on behalf of a member of the Key Management Personnel as disclosed in the Lynas Remuneration Report (KMP), or an associate or a closely related party of such a member (such as close family members and any companies the person controls) regardless of the capacity in which the vote is cast; and
- as a proxy by a member of the KMP at the date of the Annual General Meeting or an associate or a closely related party of such a member, unless the vote is cast by:
  - a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
  - the person chairing the meeting as proxy for a person who is entitled to vote and the proxy does not specify how the chair is to vote but expressly authorises the chair to vote undirected proxies as the chair sees fit (even if the resolution is connected with the remuneration of the key management personnel).

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**Note:** As described in the Explanatory Memorandum, the Performance Rights were valued by the Company and its advisers using the 5 day VWAP as at the date of Board approval on 26 August 2019, being \$2.3930 per Performance Right.

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By order of the Board



**Andrew Arnold**  
Secretary

Date: 2 October 2019

# Information for Shareholders

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## 1. ENTITLEMENTS TO ATTEND, SPEAK AND VOTE

All shareholders may attend the Annual General Meeting.

The Annual General Meeting gives shareholders the opportunity to hear both the Chair and the CEO and Managing Director talk about the year that has just passed and also give some insight into the Company's strategy for the year ahead.

For the purposes of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and holder of shares if that person is registered as a holder of those shares at 7.00 pm (Sydney time) on 24 November 2019.

## 2. PROXY VOTES

A Proxy Form is enclosed with this Notice.

You can appoint a proxy to attend and vote for you at the meeting in accordance with the directions on the Proxy Form. If no directions as to voting are given to the proxy on the Proxy Form, the proxy may vote as he or she thinks fit, to the extent permitted by law.

If you are entitled to cast two or more votes, you may appoint not more than two proxies to attend and vote for you at the meeting and specify the proportion or number of votes each proxy may exercise.

## 3. LODGEMENT OF PROXY FORMS

For an appointment of a proxy for the meeting to be effective:

- the proxy's appointment; and
- the power of attorney (if any) under which it is signed or satisfactory proof of that power or a certified copy of it,

must be received by the Company at the registered office or at the office of the Company's share registry, Boardroom Pty Limited, by no later than 10.00am (Sydney time), on 24 November 2019:

**By hand:** Share Registry: Boardroom Pty Limited Level 12, 225 George Street, Sydney NSW 2000 Australia

**By mail:** Share Registry: Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia

**By facsimile:** Share Registry: +61 2 9290 9655

**Online Voting:** Share Registry: [www.votingonline.com.au/lynasagm2019](http://www.votingonline.com.au/lynasagm2019)

# Explanatory Memorandum

This Explanatory Memorandum contains information relevant to the Resolutions set out in the Notice of Annual General Meeting ("**Notice**") of Lynas Corporation Limited ACN 009 066 648 ("**Company**") and should be read carefully and in its entirety by shareholders before making any decision in relation to the Resolutions.

The Directors believe that it is in the best interests of Lynas that the Resolutions set out in the Notice be passed and, to the extent that they are permitted to make a recommendation, the Directors unanimously recommend that you vote in favour of the Resolutions. The Directors have abstained from Board discussions and from making any recommendation to shareholders in respect of those matters in which they have a personal interest.

If you have any doubt regarding the information contained in this Explanatory Memorandum or any action you should take in respect of such information, you should consult your financial, legal, taxation or other professional adviser.

Defined terms used in this Explanatory Memorandum are set out in the Glossary.

## RESOLUTION 1 – REMUNERATION REPORT

The Remuneration Report for the year ended 30 June 2019 is set out in the Directors' Report on pages 15 to 26 of the Lynas FY19 Financial Report, a copy of which is available at [www.asx.com.au](http://www.asx.com.au) (Stock Code: LYC).

The Remuneration Report:

- (a) explains the Board's policies relating to remuneration of directors, secretaries and executives of the Company;
- (b) discusses the relationship between such policies and the Company's performance;
- (c) provides details of any performance conditions attached to such remuneration; and
- (d) sets out remuneration details for each director and Key Management Personnel.

The Board submits the Remuneration Report to shareholders for consideration and adoption by way of a non-binding resolution as required by the Corporations Act 2001 (Cth) ("**Corporations Act**").

Shareholders should note that the vote on Resolution 1 is advisory only and, subject to the matters outlined below, will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

A voting exclusion applies to this resolution, as set out earlier in this Notice of Meeting.

## RESOLUTION 2 – RE-ELECTION OF KATHLEEN CONLON AS A DIRECTOR

In accordance with the commentary and guidance to Recommendation 2.3 of the ASX Corporate Governance Principles, the Company provides the following information concerning Ms Conlon:

### Biographical details

Ms Conlon was appointed as a Non-Executive Director from November 1, 2011. Ms Conlon is currently a Non-Executive Director of REA Group Limited, Aristocrat Leisure Limited and The Benevolent Society and a former Non-Executive Director of CSR Limited. She is also a member of Chief Executive Women, former President of the NSW division of the Australian Institute of Company Directors and a former member of the National Board of the Australian Institute of Company Directors. Prior to her Non-Executive Director career, Ms Conlon spent 20 years in professional consulting where she successfully assisted companies achieve increased shareholder returns through strategic and operational improvements in a diverse range of industries.

Ms Conlon is one of the pre-eminent thought leaders in the area of operations and change management, both in Australia and globally. In 2003, Ms Conlon was awarded the Commonwealth Centenary medal for services to business leadership.

Ms Conlon is the Chair of the Nomination, Remuneration and Community Committee a member of the Health, Safety and Environment Committee.

### Details of relationships between the Candidate and the Company

Ms Conlon is a Non-Executive Director of the Company.

## Explanatory Memorandum

### Details of relationships between the Candidate and Directors of the Company

Not applicable.

### Other directorships held

Ms Conlon is a Non-Executive Director of REA Group Limited, Aristocrat Leisure Limited and The Benevolent Society. She is also a member of Chief Executive Women.

### The term of office already served by Ms Conlon

Ms Conlon joined the Board as a Non-Executive Director from 1 November 2011.

The Board (with Ms Conlon abstaining) supports the re-election of Ms Conlon as a director and considers her to be independent.

## RESOLUTION 3 – GRANT OF PERFORMANCE RIGHTS FOR THE BENEFIT OF CEO & MANAGING DIRECTOR – AMANDA LACAZE

### Summary

In accordance with the terms of Amanda Lacaze's employment contract (details of which were announced to the ASX on 25 June 2014), the Company proposes to grant up to the following number of Performance Rights for the benefit of its Chief Executive Officer and Managing Director, Amanda Lacaze:

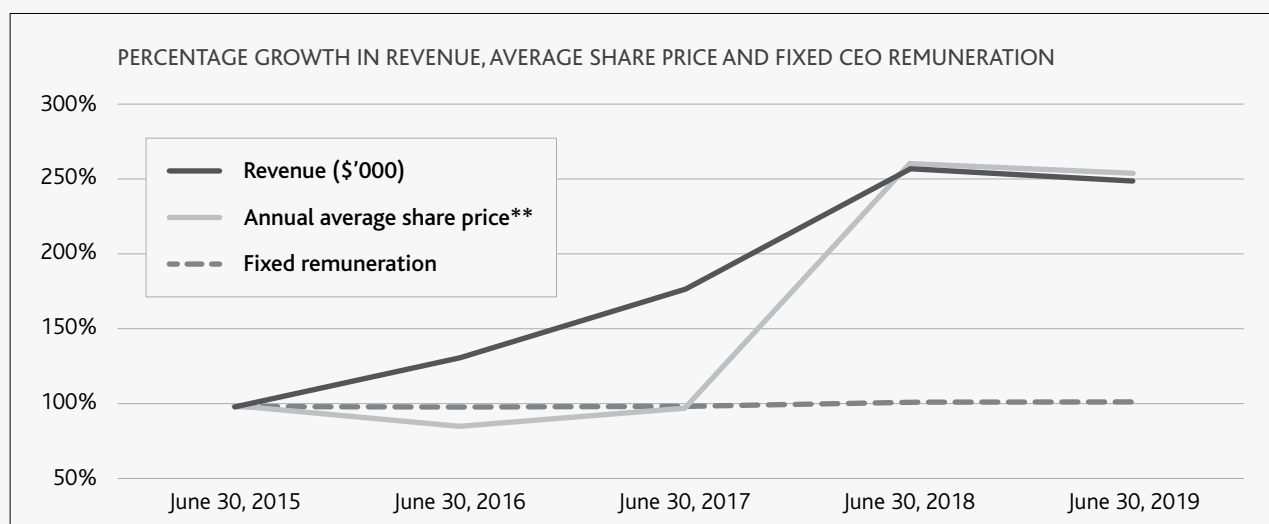
- (a) **FY19 STI Performance Rights:** 109,148 Performance Rights (value A\$261,191.26) with a 12-month vesting period commencing 26 August 2019 and an exercise date in the first employee trading window after 26 August 2020, as an STI award in respect of FY19, subject to the conditions set out in this Explanatory Memorandum and otherwise in accordance with the Rules of the Rights Plan ("FY19 STI Performance Rights");
- (b) **LTI Performance Rights:** A Long Term Incentive ("LTI") of up to 436,592 Performance Rights (value A\$1,044,765.03) with a 3 year vesting period commencing 26 August 2019 and a 2 year exercise period, and otherwise in accordance with the Rules of the Rights Plan ("LTI Performance Rights"). The above figure includes the potential award of 120% of the LTI Performance Rights that are subject to an EBIT condition, as described below.

The proposed STI award equates to 20% of Ms Lacaze's total fixed remuneration. The proposed STI award is for achieving significant milestones in NdPr production and team / individual performance, as described below.

The proposed LTI awards are subject to performance hurdles over the 3 year vesting period. The proposed LTI awards equate to up to 75% of Ms Lacaze's total fixed remuneration, plus the potential additional award of LTI Performance Rights that are subject to an EBIT condition, as described below.

Each Performance Right is a right to acquire one share in the Company ("Share") in the future, subject to certain conditions. Unlike an Option, the holder of a Performance Right is not required to pay an exercise price in order to exercise his/her right to acquire Shares. The granting of Performance Rights is a recognised practice in Australia as part of the remuneration of senior executives.

Despite the significantly improved performance of the business in recent years, as detailed on page 8, there has only been a marginal increase in CEO fixed pay since 2015, being a CPI increase of 3% in FY18.



Ms Lacaze's package reflected the difficulty in recruiting a suitable candidate in June 2014 to undertake the challenging role of Lynas CEO, at a time of uncertainty regarding the Group's future. The package also reflects the Group's requirement for an expatriate CEO with the skills and experience necessary to manage the Group, and the need to attract and retain such a CEO in our main office in Gebeng near Kuantan, in regional Malaysia. Since June 2014, Ms Lacaze has led a significant turnaround in the Group's performance, reflected in the improved operating metrics summarised above. There remains significant work to be done in the business by a CEO with Ms Lacaze's skill set, including strengthening the Company's position in the volatile global market for Rare Earth products and maintaining the Company's improved relations with lenders, customers, investors, regulators, local communities and other key stakeholders.

Lynas is an ASX 200 company. During FY18, Lynas engaged KPMG-3dc to provide market data benchmarking for the CEO's remuneration package against an ASX101-200 listed company peer group. Following the review of the data obtained, Lynas has concluded that the CEO's remuneration is reasonable.

Unusually for an ASX 200 company, Lynas' principal administrative office is not based in a major city – it is based on the outskirts of the regional city of Kuantan on the east coast of Malaysia. This creates additional issues for the company in attracting and retaining candidates of the calibre required to lead the company, including periods of separation from family, remoteness from major cities, and the need for salary to allow for accommodation, a motor vehicle, spousal travel and related matters. These factors are all relevant in the benchmarking of the CEO's package.

The Board of Lynas initially set Ms Lacaze's fixed remuneration to attract an appropriately qualified executive to accept the role given the circumstance of the Company at that point in time and that Ms Lacaze would be expected to work in the regional city of Kuantan (away from her home in Sydney).

Ms Lacaze does not receive additional expatriate benefits beyond the fixed pay, short-term benefits and non-monetary benefits listed on page 24 of the FY19 Financial Report. The overall amount of remuneration paid to Ms Lacaze is consistent with current market practice, which has been confirmed by our adviser KPMG-3dc.

## Listing Rule 10.14

Listing Rule 10.14 states that a company must not permit a Director or an associate of a Director to acquire securities under an employee incentive scheme without the approval of ordinary shareholders.

The following information is provided to shareholders for the purpose of Listing Rule 10.15:

- (a) The Performance Rights will be granted for the benefit of Amanda Lacaze, who is the Managing Director.
- (b) The maximum number of Performance Rights to be granted under Resolution 3 is as follows:
  - (i) **FY19 STI:** 109,148 Performance Rights (value A\$261,191.26)
  - (ii) **LTI:** 436,592 Performance Rights (value A\$1,044,765.03) – This figure includes the potential award of 120% of the LTI Performance Rights that are subject to an EBIT condition, as described below.
- (c) The Performance Rights will be granted as employee incentives and accordingly, the Performance Rights will be granted for no additional cash consideration. No amount will be payable on the exercise of the Performance Rights. The FY19 STI Performance Rights will have a 12 month vesting period commencing 26 August 2019, and an exercise date in the first employee share trading window after 26 August 2020. The LTI Performance Rights will have a 3 year vesting period commencing 26 August 2019 and a 2 year exercise period.
- (d) The Performance Rights are subject to the following vesting conditions and performance hurdles:
  - (i) **FY19 STI:** The FY19 STI Performance Rights have a 12-month vesting period commencing on 26 August 2019. They were awarded to Ms Lacaze, subject to shareholder approval, as an STI award in accordance with the STI program that was set for Ms Lacaze's performance at the commencement of FY19. Those STI hurdles were as follows:
    - 1. EBIT – 40%
    - 2. NdPr production volume – 30%
    - 3. Team / Individual Performance – 30%

Three bands of performance were specified at the beginning of FY19 for the above STI goals, with awards to be made equal to 80%, 100% or 120% of the available STI award pool for each goal, depending on which performance band was achieved. Awards would be prorated if performance fell between the 80%, 100% or 120% targets.

The Board set an STI target for EBIT in the financial year ended June 30, 2019 and that target was not met. Accordingly, no STI award was made for EBIT in respect of the financial year ended June 30, 2019.

The table below summarises the STI targets and outcomes for NdPr Production Volume in the financial year ended June 30, 2019.

Goal	Target – 80% of award	Target – 100% of award	Target – 120% of award	Outcome	Performance	Payout
<b>NdPr Production</b>	5,657 REOt	6,286 REOt	6,915 REOt	5,898 REOt	93.8%	87.7%

In addition, the remainder of the STI award pool was available based on Team / Individual Performance goals. The Board resolved to make a discretionary award for Team / Individual Performance in FY19 in light of the unique and difficult challenges successfully addressed during the year. This included managing the political issues in Malaysia and managing a defence against the unsolicited takeover proposal received in March. In Malaysia, the issues faced by the Group in FY19 included dealing with a small but vocal group of opponents to the business in Malaysia, resolving complex regulatory and legal issues arising from new conditions imposed in the Malaysian operating licence, and managing a large number of stakeholders in Malaysia and internationally, including community members, customers, shareholders, lenders, regulators and politicians. The outcome was that on August 22, 2019, the Group confirmed the renewal of the Malaysian operating licence.

The strong performance of the Group in FY19 included the following:

- a. The increase in Lynas market capitalisation from \$1.55 billion on July 1, 2018 to \$1.72 billion on June 30, 2019.
- b. The increase in the share price from \$2.34 on July 1, 2018 to \$2.57 on June 30, 2019.
- c. Continuing reductions in costs per kg of NdPr produced, in line with targets.
- d. A significantly improved cash position. Total cash has increased from \$42.3 million on July 1, 2018 to \$89.7 million on June 30, 2019.
- e. The successful completion of the Lynas NEXT project on time and on budget. The Lynas NEXT project was funded from operating cashflow.
- f. A ten-year extension of the JARE senior loan facility with an interest rate of 2.5% p.a. and minimal principal repayments until 2025.
- g. Renewal of the Lynas Malaysia operating licence in August 2019 following a period of regulatory uncertainty in Malaysia.

The overall outcome was that the Board resolved to make an STI award at the 80% level in respect of the financial year ended June 30, 2019. That award will be made 50% in cash and 50% in Performance Rights with a 12 month vesting period.

(ii) **LTI:** The LTI Performance Rights will have a 3-year vesting period. The LTI Performance Rights are subject to the following performance hurdles:

- a. One third will be conditional on the Company's average annual EBIT growth in the period from 1 July 2019 to 30 June 2022, using the period from 1 July 2018 to 30 June 2019 as the base period, in accordance with the following sliding scale:
  - i. If the average annual EBIT growth from 1 July 2019 to 30 June 2022 is at least 7% per annum, then 50% of the EBIT portion will vest.
  - ii. If the average annual EBIT growth from 1 July 2019 to 30 June 2022 is at least 10% per annum, then 100% of the EBIT portion will vest.
  - iii. If the average annual EBIT growth from 1 July 2019 to 30 June 2022 is at least 15% per annum, then 120% of the EBIT portion will vest.

Awards would be prorated if the EBIT growth outcome falls between bands *i* and *ii* or between bands *ii* and *iii*. The EBIT for the base period from 1 July 2018 to 30 June 2019 was A\$56.4 million.

- b. One third will be conditional on the company's Total Shareholder Return (TSR) being at least at the 51st percentile of ASX 200 companies calculated over the 3-year vesting period, in accordance with the following sliding scale:
  - i. If the Lynas TSR is at least at the 51st percentile, 50% of the TSR portion will vest.
  - ii. If the Lynas TSR is at least at the 76th percentile, 100% of the TSR portion will vest.
  - iii. If the Lynas TSR is between the 51st percentile and the 76th percentile, a pro rata amount of between 50% and 100% of the TSR portion will vest (with the relevant percentile being rounded up or down to the nearest 5%, for ease of calculation).
- c. One third of the LTI performance rights will be conditional on the following Lynas 2025 Growth Project targets: By July 2022, Lynas having demonstrated:
  - i. the capacity to separate heavy rare earths,
  - ii. a specialty cerium capability, and
  - iii. delivery of the project milestones for the Lynas 2025 Project in Western Australia.

The Directors believe that the above performance hurdles are important measures of long-term success for the Group that are fully aligned with the interests of shareholders. After several years of ramping up NdPr production to the current levels while tightly managing costs, the Company's EBIT growth over the next 3 financial years will be an important measure of the success of the improvements to the business implemented by the Lynas management team.

The TSR hurdle compares shareholder returns from Lynas to shareholder returns from ASX 200 companies over the 3-year vesting period. Lynas is a member of the S&P ASX 200 Index, and TSR performance at the 51st percentile or above of ASX 200 companies is considered to be an appropriate hurdle that is directly aligned with shareholder returns.

The Lynas 2025 project is the next significant step in the growth of the Lynas business for the benefit of all shareholders. The key goals of the Lynas 2025 project include developing the capacity to separate heavy rare earths, developing a specialty cerium capability, and delivery of the project milestones for the Lynas 2025 Project in Western Australia.



- (e) The Performance Rights were valued by the Company and its advisers at the 5 day VWAP as at 26 August 2019, being the date that the Board approved the proposed award of Performance Rights, subject to shareholder approval. The 5 day VWAP on that date was \$2.3930.
- (f) Details of the securities granted under the Company's Employee Performance Rights Plan to persons referred to in Listing Rule 10.14 since the issuance of securities pursuant to the Company's Employee Performance Rights Plan was approved by shareholders at the Annual General Meeting on 28 November 2017 are set out below. Each of the numbers of securities listed below is expressed on a post-consolidation basis, following the share consolidation of the Company that was approved by shareholders at the Annual General Meeting on 28 November 2017.  
The following Performance Rights have been granted for the benefit of Amanda Lacaze, as approved by shareholders at previous Annual General Meetings of Shareholders:
  - (i) 212,391 Short Term Incentive ("STI") with a 12-month vesting period and an exercise period in the first employee share trading window after 28 August 2018, and subject to the Rules of the Rights Plan.
  - (ii) 809,107 Strategic Performance Rights with a 24-month vesting period commencing on 28 August 2017 and an exercise date in the first employee trading window after 28 August 2019, subject to the Rules of the Rights Plan and the following vesting conditions:
    - a. Ms Lacaze remaining employed by Lynas for at least the 24-month vesting period and performing at an acceptable level; and
    - b. delivery of the Lynas NEXT targets on time and on budget, including demonstrating the capacity to consistently produce 600 tonnes of NdPr products per month.
  - (iii) 423,621 Long Term Incentive ("LTI") Performance Rights subject to EBIT growth and Total Shareholder Return hurdles with a 3 year vesting period expiring 28 August 2020 and a 2 year exercise period, and subject to the Rules of the Rights Plan.
  - (iv) 120,055 Short Term Incentive ("STI") with a 12-month vesting period and an exercise period in the first employee share trading window after 31 August 2019, and subject to the Rules of the Rights Plan.
  - (v) 324,353 Long Term Incentive ("LTI") Performance Rights subject to EBIT Growth and Total Shareholder Return hurdles with a 3 year vesting period expiring 31 August 2021 and a 2 year exercise period, and subject to the Rules of the Rights Plan.
 The above Performance Rights were granted as employee incentives and accordingly, the Performance Rights were granted for no additional cash consideration.
- (g) The names of all persons referred to in Listing Rule 10.14 who are entitled to participate in the Plan are: Amanda Lacaze.
- (h) No loan is granted by the Company for the acquisition of the Performance Rights.
- (i) The Performance Rights will be issued no later than 12 months after the date of this Annual General meeting.

## Related Party Transactions

Ms Lacaze is a Director of the Company, and accordingly she is a "related party" for the purposes of Chapter 2E of the Corporations Act. The proposed grant of Performance Rights for the benefit of Ms Lacaze, as described above, constitutes a "financial benefit" as described in the Corporations Act.

Under Chapter 2E of the Corporations Act a public company cannot give a financial benefit to a related party unless: (i) shareholders have resolved to approve the giving of the financial benefit, or (ii) an exception applies. Section 211(1) of the Corporations Act contains an exception where the financial benefit is remuneration given to an employee that is reasonable in the circumstances of the company and the employee.

In the view of the Board, the proposed grant of Performance Rights for the benefit of Ms Lacaze, as a component of her remuneration, does not require shareholder approval under Chapter 2E of the Corporations Act because the exception in section 211(1) of the Corporations Act applies.

The Board considers that the proposed grant of Performance Rights for the benefit of Ms Lacaze constitutes reasonable remuneration given the circumstances of the Company and the responsibilities involved in Ms Lacaze's role as CEO. In this respect, the Board has specifically considered the number of Performance Rights proposed to be granted, the number of Performance Rights previously granted to Ms Lacaze, the performance conditions to be attached to the Performance Rights, and the underlying value of the Performance Rights. Accordingly, the Company is not seeking shareholder approval under Chapter 2E of the Corporations Act for the proposed grant of Performance Rights. The Company is seeking shareholder approval of the proposed grant of Performance Rights in accordance with Listing Rule 10.14 of the ASX Listing Rules.

In addition, the information on Resolution 3 in this Explanatory Memorandum is equivalent to the information that would be provided if shareholder approval were being sought under Chapter 2E of the Corporations Act.

## Directors' recommendation and interests

All the Directors were available to consider the proposed Resolution 3.

Section 195 of the Corporations Act provides, in essence, that a Director of a public company may not vote or be present during meetings of Directors when matters in which that Director holds a "material personal interest" are being considered.

Amanda Lacaze has an interest in the outcome of the proposed resolution because she will be granted an interest in Performance Rights in accordance with the proposed resolution. Accordingly, Amanda Lacaze is unable to make a recommendation to shareholders concerning the proposed Resolution 3.

## Explanatory Memorandum

The other Directors of the Company ("**Non Participating Directors**") do not have an interest in the outcome of the proposed resolution, and are not eligible to participate in the Lynas Employee Performance Rights Plan, and consider themselves justified in making a recommendation to shareholders concerning Resolution 3. Each of the Non Participating Directors considers that Resolution 3 is in the best interests of the Company and its shareholders. It is important that the remuneration of the Directors is linked to the medium term and long term strategies of the Company. Resolution 3 will provide Amanda Lacaze with additional incentives to successfully implement the Company's strategies.

Therefore, the Non Participating Directors unanimously recommend that shareholders vote in favour of Resolution 3.

A voting exclusion applies to this resolution, as set out earlier in this Notice of Meeting.

### Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

Resolution 3 would have the effect of giving power to the Directors to grant Amanda Lacaze Performance Rights on the terms and conditions as set out in Annexure A and as otherwise mentioned above. The Company presently has on issue 695,378,577 ordinary shares. If the Performance Rights proposed to be granted for the benefit of Amanda Lacaze are approved by shareholders, the total number of Options and Performance Rights granted by the Company will be 6,257,581. This represents approximately 0.9% of the 695,378,577 ordinary shares that the Company has issued at the date of this Explanatory Memorandum.

If any Performance Rights granted as proposed above are exercised, the effect would be to dilute the shareholding of existing shareholders.

The highest closing price for Shares trading on ASX during the past 12 months was A\$3.050 which occurred on 31 May 2019 and the lowest closing price of Shares trading on ASX during the past 12 months was A\$1.515 which occurred on 4 January 2019. The most recent closing price of Shares trading on the ASX prior to the date of this Explanatory Memorandum was A\$2.720 which occurred on 1 October 2019.

The other remuneration currently being received by the proposed recipient of the Performance Rights is set out on page 24 of the Lynas FY19 Financial Report and in the Company's ASX announcement dated 25 June 2014.

At the date of this Notice the proposed recipient of the Performance Rights, Amanda Lacaze, has an interest in 2,559,741 ordinary shares, and 3,575,711 employee performance rights that have been awarded.

Below are tables setting out the maximum number of LTI Performance Rights that could be exercised by Ms Lacaze if the EBIT and TSR conditions are wholly or partly satisfied.

#### Class I – EBIT Growth from 1 July 2019 to 30 June 2022

Performance Conditions	7% per annum annual growth	10% per annum annual growth	15% per annum annual growth
Percentage of LTI Performance Rights that may be Exercised	50% of EBIT portion	100% of EBIT portion	120% of EBIT portion
Number of LTI Performance Rights that may be Exercised	68,218	136,435	163,722
Value of those LTI Performance Rights at A\$2.3930	\$163,244.56	\$326,489.07	\$391,786.89

#### Class II – Three Year Total Shareholder Return (TSR) vs. ASX 200 Companies

Performance Conditions	at least 51st percentile	at least 76th percentile	between 51st and 76th percentile
Percentage of LTI Performance Rights that may be Exercised	50% of TSR portion	100% of TSR portion	pro rata between 50% and 100% of the TSR portion
Number of LTI Performance Rights that may be Exercised	68,218	136,435	Between 68,218 and 136,435
Value of those LTI Performance Rights at A\$2.3930	\$163,244.56	\$326,489.07	Between \$163,244.56 and \$326,489.07

In addition, 136,435 Class III LTI performance rights will be conditional on the company delivering the Lynas 2025 targets specified on page 8.

**Note:** One LTI Performance Right in each of the above classes was valued at A\$2.3930, being the 5 day VWAP of Lynas shares as at 26 August 2019.

## Effect on the Company's Issued Securities of Resolution 3

On the date of this Explanatory Memorandum, excluding the securities referred to in Resolution 3, the Company has on issue, or has agreed to issue, the following equity securities:

Type of Security Issued or Agreed to be Issued	Equivalent Number of Ordinary Shares on a Fully Diluted Basis
Ordinary Shares (ASX Code: LYC)	695,378,577
Unlisted Employee Options and Unlisted Employee Performance Rights	5,711,841
US\$13,652,135.93 Convertible Bonds maturing 30 September 2020, convertible at A\$1.00 per share (subject to adjustment) based on a fixed exchange rate of A\$1.00 = US\$0.75	18,202,848

If all of the securities referred to in Resolution 3 were added to the above table, it would read as follows:

Type of Security Issued or Agreed to be Issued	Equivalent Number of Ordinary Shares on a Fully Diluted Basis
Ordinary Shares (ASX Code: LYC)	695,378,577
Unlisted Employee Options and Unlisted Employee Performance Rights (including the Unlisted Employee Performance Rights referred to in Resolution 3)	6,257,581
US\$13,652,135.93 Convertible Bonds maturing 30 September 2020, convertible at A\$1.00 per share (subject to adjustment) based on a fixed exchange rate of A\$1.00 = US\$0.75	18,202,848

# Glossary

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**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**Board** means the board or Directors of the Company.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

**Corporations Act** means *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Key Management Personnel** has the same meaning as in the accounting standards (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executor or otherwise, of the Company).



# Annexure A

## Terms of the Lynas Employee Performance Rights Plan (Resolution 3)

### 1. Name

This Plan shall be called the Lynas Corporation Limited (ACN 009 066 648) – Performance Rights Plan.

### 2. Purpose

The Purpose of this Plan is to:

- (1) recognise the ability and efforts of the directors, employees and consultants of the Company who have contributed to the success of the Company;
- (2) provide an incentive to the directors, employees and consultants to achieve the long term objectives of the Company and improve the performance of the Company; and
- (3) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its directors, employees and consultants.

### 3. Commencement

This Plan shall take effect from such date as is resolved by the Board of Directors.

### 4. Interpretation

In these rules, unless the context otherwise requires:

**"ASX"** means ASX Limited;

**"Board of Directors"** means the Board of Directors of the Company from time to time acting by resolutions made in accordance with the Corporations Act and the Constitution of the Company;

**"Business Day"** means a day on which trading banks are open for business in Sydney, Australia;

**"Change of Control Event"** means a shareholder, or a group of associated shareholders, acquiring relevant interests in sufficient shares in the Company to give it or them the ability, in general meeting, to replace all or a majority of the Board of Directors and that ability is successfully exercised.

**"Company"** means Lynas Corporation Limited ACN 009 066 648;

**"Corporations Act"** means the Corporations Act 2001 (Cth).

**"Director"** means an executive or non-executive director of the Company, from time to time;

**"Eligible Person"** means each individual or corporate entity that is a full-time or part-time employee or consultant of the Company, a Director or an Officer of the Company. The Board of Directors has determined that non-executive Directors may not participate in the Plan;

**"Listing Rules"** means the Listing Rules of ASX;

**"Offeree"** means a person to whom Rights are offered under this Plan;

**"Officer"** has the same meaning as is ascribed to that term in the Corporations Act.

**"Official Quotation"** means quotation on the Official List of ASX;

**"Plan"** means this Plan as amended from time to time;

**"Rights Holder"** means a person to whom Rights are issued under this Plan;

**"Rights"** means the Rights granted under this Plan to subscribe for Shares;

**"Rules"** means these rules as from time to time amended;

**"Shares"** means the ordinary fully paid shares in the capital of the Company; and

**"Vesting Date"** means, in respect of a Right, the date three (3) years after the date of grant of the Right, or such other period as is specified by the Board of Directors on the date of grant of the Right.

### 5. Eligibility

All Eligible Persons shall be entitled to participate in the Plan.

### 6. Limitation on Total Number of Rights

The combined number of options and performance rights over unissued Shares in the Company that may be issued under this Plan and under any other employee incentive plan at any time shall not exceed 5% of the total number of Shares on issue from time to time.

### 7. Number of Rights

The number of Rights an Eligible Person is to be allocated shall be determined by the Board of Directors in its sole and absolute discretion. The number of Rights that Directors are to be allocated will be subject to the approval of shareholders in general meeting.

### 8. Terms and Conditions of Rights

The terms and conditions of each allocation of Rights shall be determined by the Board of Directors in its sole and absolute discretion. The expiry date of Rights shall be up to five (5) years after the date on which the Rights were granted. In addition to the requirement that the Offeree must be an Eligible Person on the Vesting Date, Rights may be issued subject to such additional vesting conditions as are determined by the Board of Directors in its sole and absolute discretion.

### 9. Recipient of Shares

Subject to Rule 18, an Eligible Person may only apply in his/her own name to take up his/her entitlement, or part thereof, to Rights under the Plan.

### 10. Offer Letter and No Certificates

The Company shall issue a letter to each Offeree setting out the number of Rights offered and the deadline for acceptance of the offer. If an Offeree does not accept the offer before the deadline for acceptance, the offer will lapse and those Rights will not be issued.

No certificates will be issued for the Rights, and the Company's register of Rights Holders will be conclusive evidence of the matters set out therein.

### 11. Terms and Conditions of Rights to be Issued to Eligible Persons

11.1 Monies may be payable for the issue of the Rights.

11.2 If a Change of Control Event occurs, Rights do not vest automatically. The general position is that Rights will remain in effect, with no change to the Vesting Date.

Ultimately, a discretion remains with the Board as to whether Rights will vest upon a Change of Control Event, and if so, how many. The key criteria to be applied by the Board is what is reasonable in the circumstances. For example, if the management team remains intact following a Change of Control Event, the general position is that Rights will remain in effect, with no change to the Vesting Date.

11.3 Despite anything contained elsewhere in these Rules, but subject to Rules 11.4 and 12.1, a Right is only exercisable, if immediately following the Vesting Date, the Rights Holder is an Eligible Person.

11.4 The Board of Directors may waive or amend the operation of Rule 11.3 (but so as not to increase the period for the exercise of a Right) as it applies to a Rights Holder in the case of hardship or for any other just reason.

11.5 Each Right shall carry the right in favour of a Rights Holder to subscribe for one Share.

11.6 Shares allotted to Rights Holders on the exercise of Rights shall be issued for no additional monetary consideration.

11.7 Rights shall not be listed for official quotation on ASX.

11.8 A Rights Holder may not sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of a Right. The Board of Directors may waive or amend the operation of this Rule as it applies to a Rights Holder in cases of hardship or for any other just reason.

11.9 Rights may be issued on the basis that (subject to satisfaction of the vesting conditions) they will be automatically exercised on a specified date without further action required by the Rights Holder. Subject to satisfaction of the vesting conditions, all other Rights shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Rights Holder to exercise all or a specified number of Rights held by him. An exercise of only some Rights shall not affect the rights of the Rights Holder to the balance of the Rights held by him.

11.10 The Company shall allot the resultant Shares within five (5) business days of the exercise of the Rights.

11.11 Shares allotted pursuant to an exercise of Rights shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.

11.12 The Company shall, in accordance with Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise of Rights listed for Official Quotation.

11.13 Rights Holders do not have a right to participate in new issues without exercising their Rights in accordance with Listing Rule 6.19.

11.14 In the event of any reorganisation of capital of the Company, all rights of the Rights Holder will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation in accordance with the Listing Rules.

11.15 The Rights will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Rights.

11.16 The number of Shares to be issued pursuant to the exercise of Rights will be adjusted for bonus issues made prior to exercise of Rights. The effect will be that upon exercise of the Rights the number of Shares received by the Rights Holder will include the number of bonus Shares that would have been issued if the Rights had been exercised prior to the record date for bonus issues. The exercise price of the Rights shall not change as a result of any such bonus issue.

11.17 The Company shall notify each Rights Holder and ASX within one (1) month after the record date for a bonus issue of the adjustment to the number of Shares over which the Rights exist.

## 12. Termination of Rights

12.1 Despite anything contained elsewhere in this Plan, if a Rights Holder ceases to be an Eligible Person prior to the specified Vesting Date of his / her Rights, then unless otherwise determined by the Board at its sole discretion, the unvested Rights held by the Rights Holder will continue to be subject to the rules of the Plan until the Vesting Date of the Rights, at which time the Rights will vest in accordance with the rules of the Plan.

12.2 If the Board exercises its discretion to cancel such Rights, such Rights will be cancelled within 6 months of the Board decision, except where the Rights Holder has been retrenched where cancellation will occur within 36 months of the Board decision.

## 13. Restrictions on Alterations to the Plan

The Plan may be amended at any time by resolution of the Board of Directors of the Company subject to the requirements from time to time of the Corporations Act and the Listing Rules. Any such amendment however shall not adversely affect the rights of Rights Holders who are granted Rights prior to such amendment without the consent of the Rights Holder, unless such amendment is required by, or necessitated by amendments to, either the Corporations Act or the Listing Rules.

## 14. Rights of Employees

The Plan shall not form part of any contract of employment between the Company and any of its employees or Directors and shall not confer directly or indirectly on any Eligible Person the right to be employed by or to continue to be employed by or hold any position in relation to the Company.

## 15. Powers of the Directors

The Plan shall be administered by the Board of Directors who shall have the power to:

15.1 determine procedures from time to time for administration of the Plan consistent with these rules;

15.2 resolve conclusively all questions of fact or interpretation arising in connection with the Plan; and

15.3 delegate to any one or more persons for such period and on such conditions as may be determined by the Board of Directors, the exercise of any of the Board of Directors' powers or discretions arising under the Plan.

## 16. Termination of Plan

The Plan may at any time be terminated by the Board of Directors but such termination shall not affect the rights of holders of Rights issued prior to termination.

## 17. Governing Law

This Plan shall be governed by, administered and construed in accordance with the Laws of New South Wales.





## CORPORATE DIRECTORY

ABN 27 009 066 348

### Registered Office

Suite 3/5 Tully Road  
East Perth WA 6004 Australia

Tel: +61 8 6241 3800

Fax: +61 8 9225 6842

[general@lynascorp.com](mailto:general@lynascorp.com)

### Principal Administrative Office

PT17212 Jalan Gebeng 3  
Kawasan Perindustrian Gebeng  
26080 Kuantan, Pahang Darul Makmur  
Malaysia

Tel: +60 9 582 5200

Fax: +60 9 582 5291

[general@lynascorp.com](mailto:general@lynascorp.com)

### Share Register

#### Boardroom Pty Ltd

Level 12, Grosvenor Place  
225 George Street  
Sydney NSW 2000 Australia

Tel: +61 2 9290 9600

Fax: +61 2 9279 0664

[enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

### Auditors

#### Ernst & Young

200 George Street  
Sydney NSW 2000 Australia

[www.lynascorp.com](http://www.lynascorp.com)



**ALL CORRESPONDENCE TO:**

**By Mail:**

Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

**By Fax:**

+61 2 9290 9655

**Online:**

www.boardroomlimited.com.au

**By Phone:**

(Within Australia) 1300 737 760  
(Outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10.00am (Sydney Time) on Sunday 24 November 2019.**

### TO VOTE ONLINE

**STEP 1: VISIT <https://www.votingonline.com.au/lynasagm2019>**

**STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**

**STEP 3: Enter your Voting Access Code (VAC):**

### BY SMARTPHONE



Scan QR Code using  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1: Appointment of Proxy

Indicate who you want to appoint as your Proxy

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same.

#### STEP 2: Voting Directions to your Proxy

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3: Sign the Form

The form must be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** Where the holding is in more than one name, all the securityholders should sign

**Power of Attorney:** To sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** This form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person.

**Please indicate the office held by signing in the appropriate place.**

#### STEP 4: Lodgement

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (Sydney Time) on Sunday, 24 November 2019.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

**Proxy forms may be lodged using the enclosed Reply Paid Envelope or:**

**Online** [www.votingonline.com.au/lynasagm2019](https://www.votingonline.com.au/lynasagm2019)

**By Fax** + 61 2 9290 9655

**By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

**In Person** Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

# Lynas Corporation Limited

ACN 009 066 648

## YOUR ADDRESS:



This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1: Appoint a Proxy

I/We being a member/s of **Lynas Corporation Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

**OR** If you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Westin Hotel, 1 Martin Place, Sydney, NSW 2000 on Tuesday 26 November, 2019 at 10:00am (Sydney Time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 & 3, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 & 3 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 & 3). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2: Voting Directions

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
<b>Resolution 1</b>	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b>	Re-election of Kathleen Conlon as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b>	Grant of Performance Rights for the benefit of CEO & Managing Director – Amanda Lacaze	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3: Signature of Securityholders

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name: .....

Contact Daytime Telephone: .....

Date: ..... / ..... / 2019