

QUARTERLY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2019

SUMMARY

- ENVIRONMENT, SAFETY & HEALTH
 - Zero lost time injuries during the September quarter company-wide
 - Lynas Malaysia achieved the milestone of 1 year lost time injury (LTI) free in July
 - Lynas' 1st annual Sustainability Report was released during the quarter, detailing the Company's ongoing commitment to its people, communities and the environment
 - ISO examination audits were completed at Mt Weld and Lynas Malaysia during the quarter, with both sites maintaining certification

- FINANCIAL PERFORMANCE
 - Closing cash balance of A\$119.1m (Q4 FY19: A\$89.7m)
 - Invoiced sales revenue of A\$99.1m (Q4 FY19: A\$87.5m)

- QUARTERLY PRODUCTION
 - Quarterly production was managed in line with the CY2019 production limit applied by the Malaysian government:
 - NdPr production: 1,242 tonnes (Q4 FY19: 1,505)
 - Total REO production: 3,926 tonnes (Q4 FY19: 4,651)

- SALES & MARKETING
 - REO sales volume: 4,186 tonnes (Q4 FY19: 4,723)
 - Continuing US-China trade tensions, while leading to greater interest in Rare Earths, continue to have a negative short term effect on market confidence, particularly in China
 - Average market price for NdPr remained flat
 - Strong growth is forecast to continue in the Japanese magnet market

- REGULATORY
 - The Malaysian government renewed the operating licence for the Lynas Malaysia plant for a 6 month period
 - Subject to meeting specified conditions over this time, the renewal provides a pathway for our continued operation in Malaysia.

CEO REVIEW

Lynas is proud to operate in a way that is safe for our employees, our communities and the environment, and I am very pleased to report that company-wide, there were no lost time injuries during the September quarter. This follows the announcement on 16 July 2019 that we had achieved 1 year lost time injury free at Lynas Malaysia.

Our commitment to safe and sustainable production is also evident in our 2019 Sustainability Report which was released on 25 September 2019.

As noted in our FY19 Results announcement on 29 August 2019, Lynas Malaysia has applied for, but is yet to receive approval for, an uplift in the lanthanide concentrate processing limit for CY19. Production rates have been managed at reduced volumes for the quarter, in line with the current approval.

During the quarter the team completed further metallurgical work for Mining Campaign 3 which has shown two changes in ore and concentrate quality: an increase in crandallite and elevated carbonate levels. Concentrate production at Mt Weld has now been adjusted to suit this new ore and the feed system in Malaysia has been optimised.

We continue to work with the regulator regarding the processing approval and the current approach will ensure we are well placed to ramp up production as soon as approval is received.

Sales revenue was strong at A\$99.1m, despite the volatile market conditions, and sales receipts were A\$96.0m for the quarter. Outside China demand for NdPr continued to grow and all NdPr was reserved for our strategic customers.

During the quarter there was increased interest from magnet buyers in Europe and the US for long term contracts to secure their supply chains. Demand for La also remained high during the quarter, and sales value for this product was maximised.

There continues to be strong interest in Rare Earth materials and in Lynas as the only significant outside China producer. We are uniquely positioned to benefit from the strong growth forecast. We are making good progress with our Lynas 2025 growth plans and we look forward to updating you as details are finalised.

MALAYSIA UPDATE

As announced on 16 August 2019, we are very pleased that the Malaysian government has renewed the operating licence for the Lynas Malaysia plant and followed the recommendations of its own scientific review committee. Subject to meeting specified conditions over the six month period, this renewal provides a clear pathway for our continued operation in Malaysia.

SAFETY AND ENVIRONMENT

Lynas is committed to ensuring the Company's operations in Australia and Malaysia are consistent with national and international safety and sustainability best practice. Lynas has established extensive processes to ensure that our operations are safe for employees, safe for the environment and community, and secure for our customers.

The Company-wide 12-month rolling Lost Time Injury Frequency Rate, as at the end of September 2019, was 0.6 per million hours worked. There were no lost time injuries during the September quarter. In early July, Lynas Malaysia achieved the excellent milestone of 1 year LTI free. This is an important outcome and it reflects our consistent focus on safe and sustainable production.

On 25 September 2019, Lynas released our 1st Sustainability Report. The Report was prepared in accordance with the Global Reporting Initiative (GRI) Sustainability reporting Guidelines which are referenced by the ASX Corporate Governance Council Principles and Recommendations. It also serves as our Communication on Progress on the Ten Principles of the United Nations Global Compact. The report covers Lynas' approach and performance in the areas of: Health and Safety; Communities & Human Rights; Employment; Environment & Biodiversity; and Emissions, Wastes and Effluents. It is available on our website at www.lynascorp.com.

ISO surveillance audits were conducted at both our Mt Weld and Malaysian sites during the quarter. Both sites maintained certification to ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management) and OHSAS 18001:2007 (Occupational Health and Safety Management) standards. Lynas sites have been certified since 2012.

In line with our commitment to international environmental best practices, detailed environmental monitoring since the start of Lynas Malaysia's operations in Kuantan in 2012 has consistently demonstrated that Lynas Malaysia is compliant with regulatory requirements and international standards. Information concerning the Company's environmental monitoring programs, including monitoring data, is available at www.lynascorp.com.

MARKETING & SALES

	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20
Sales Volume REOt	3896	5522	5030	4723	4186
Sales Revenue	A\$105.6m	A\$79.9m	A\$101.3m	A\$87.5m	A\$99.1m
Average Selling Price	A\$27.1/kg	A\$14.5/kg	A\$20.1/kg	A\$18.5/kg	A\$23.7/kg
Sales Receipts (cash)	A\$105m	A\$77m	A\$88m	A\$106m	A\$96m

During the September quarter, Lynas continued to prioritise sales of NdPr to strategic customers, especially in Japan, in anticipation of the strong growth forecast in the Japanese magnet market in the upcoming calendar year.

At the same time, continued difficult global economic conditions, particularly in China, weighed on Rare Earth market prices during the September quarter. We expect this situation to improve once US-China trade tensions ease, with prices expected to better reflect the future demand growth already being observed in Japan.

NdPr China Domestic Price (VAT excluded)								
	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Jul	Aug	Sept
US\$/kg	40.8	39.3	38.5	39.1	39	38.6	38.4	40
Base 100	100	96	94	96	96	95	94	98

Dy China Domestic Price (VAT excluded)								
	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Jul	Aug	Sept
US\$/kg	144	146	160	221	237	239	238	235
Base 100	100	101	111	153	165	166	165	163

Besides the strong demand growth from our main NdPr customers in Japan, Lynas is receiving increasing interest from magnet buyers in Europe and the USA, seeking long term raw material contracts to secure their supply chain.

Lynas has announced its intention to build a Heavy Rare Earth separation facility, which would be the only facility of its type outside China. This reflects increasing customer interest, as Heavy Rare Earths are critical elements to secure automotive electrification. We are currently finalising the detailed study of our proposed Heavy Rare Earth investment. Our strategic objective beyond securing long term contracts is to stimulate further development of downstream industry in the USA and Europe, in magnet making and motor manufacturing.

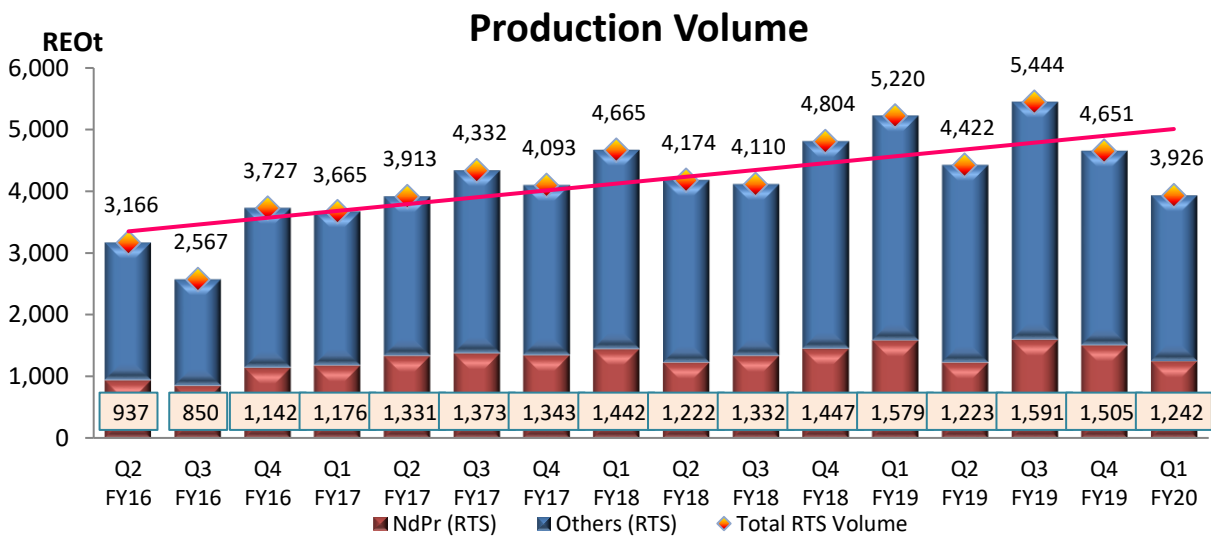
On the catalyst side, our capacity to meet our customers' demand for Lanthanum remains very tight, which allows us to maximize the value for our product.

During the September quarter, we also started to provide customers with samples of new Cerium and Lanthanum specialty products. The very positive feedback received supports our plan to develop additional specialty products that will attract a price premium.

OPERATIONS

	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20
Ready for Sale Production Volume Total	4804 REOt	5220 REOt	4422 REOt	5444 REOt	4651 REOt	3926 REOt
Ready for Sale Production Volume NdPr	1447 REOt	1579 REOt	1223 REOt	1591 REOt	1505 REOt	1242 REOt

Lynas Malaysia is yet to receive approval for an uplift in the lanthanide concentrate processing limit for Calendar Year 2019 (CY19). While we continue to work with the regulator regarding approval, production during the second 6 months of CY19 is being managed at reduced rates. This is a different strategy from CY18. In CY18, we maintained maximum rates and then entered a complete plant shutdown in December 2018. Starting up after a complete plant shutdown was not optimal and maintaining production at a slightly lower rate will avoid a complete shutdown of the plant should approval not be received prior to December 2019. If the approval is not received in time, total NdPr production for CY19 will be similar to CY18.



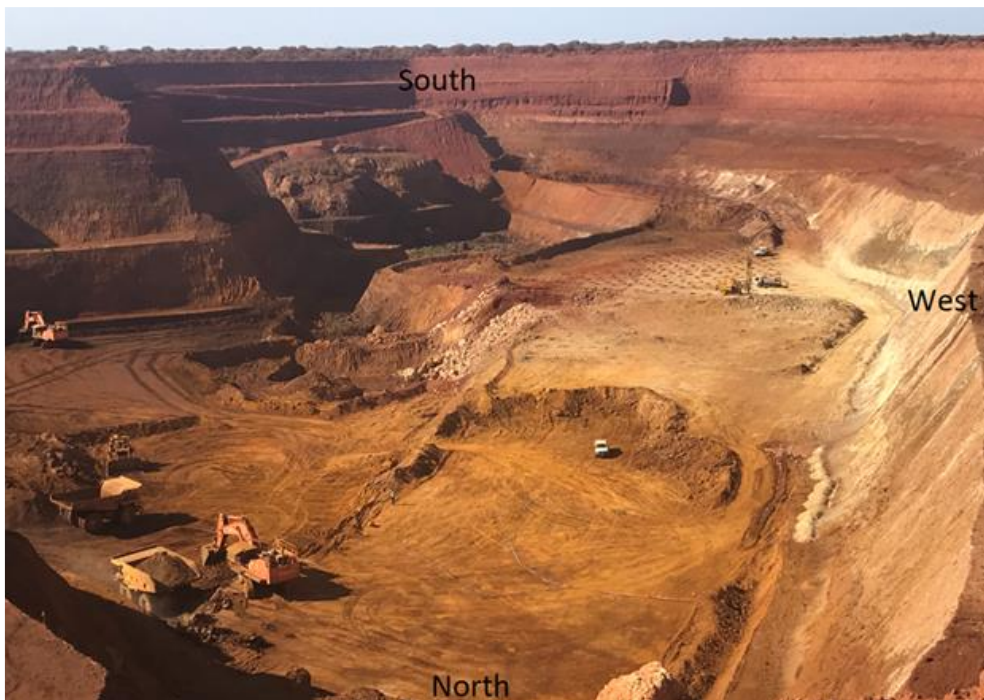
In the September quarter additional metallurgical work and a number of circuit upgrades were completed. We started treating ore from Mining Campaign 3 during the June 2019 quarter and have seen two changes in ore and concentrate quality; (i) an increase in crandallite and (ii) elevated carbonate levels compared with previous mining campaigns.

During the quarter, the teams at Mt Weld and Kuantan identified several changes in processing performance. Optimisation of the Mt Weld and C&L circuits to handle the changes in ore and concentrate quality is well progressed. Changes implemented during the September quarter include:

- A pre-leach circuit at Mt Weld to reduce carbonate levels has been in operation since mid-August.

- A small kiln drying a portion of the concentrate at Mt Weld has been in operation since early August. A reduction in moisture improves product handling as well as mixing and reaction kinetics. A larger kiln has been ordered and will be installed before next winter.
- A redesign of the feed system on one of our Malaysian kilns (RKB) was installed during a scheduled two yearly major maintenance outage. It was successfully commissioned, and the new design is currently being implemented on RKA.
- Blending strategies at Mt Weld were revised to reduce the impact of the new ore changes.

We continue to work with the Malaysian regulator to gain approval for the production uplift based on the new Environmental Impact Assessment related to these matters which we completed earlier in the year. If approval is received this quarter, we are well placed to immediately ramp up production rates.



Mt Weld Pit looking south. Mining Campaign 3 is a cut back on western side



Duncan ore being reclaimed to be included in the Mt Weld feed blend

FINANCE

CASH POSITION

A summarised cash flow for the quarter ended 30 September 2019 is set out below.

CASH FLOW	A\$ million	A\$ million
	Sept 19 quarter	Sept 19 YTD
Cash Inflows		
Receipts from customers	95.8	95.8
Proceeds from exercise of warrants	11.6	11.6
Net interest received	0.1	0.1
Cash Outflows		
Costs of production, administration and royalties	(73.5)	(73.5)
Capex and development	(6.6)	(6.6)
Net exchange rate adjustment	2.0	2.0
OPENING CASH BALANCE	89.7	89.7
CLOSING CASH BALANCE 30 SEPTEMBER 2019	119.1	119.1

FOREX

The currency composition of the Group's cash at 30 June 2019 was A\$20.2m, US\$43.7m and MYR93.2m. The A\$ weakened against the US\$ and the MYR over the quarter, resulting in a slight foreign exchange gain for the period.

CORPORATE

The 2019 Annual General Meeting of Lynas shareholders will be held at 10am (Sydney time) on Tuesday 26 November 2019 at the Westin Hotel (now called the Fullerton Hotel), 1 Martin Place, Sydney.