

An industrial facility at night, illuminated by artificial lights. In the foreground, several workers wearing high-visibility yellow jackets and white hard hats are walking along a metal walkway. To the right, there is a large, rectangular industrial building with a door and a window. The background shows more industrial structures and a dark sky with a faint orange glow on the horizon, suggesting dusk or dawn. The overall scene is a busy industrial site.

# LYNAS CORPORATION

## EQUITY RAISING PRESENTATION

17 August 2020

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This Presentation has been prepared by Lynas Corporation Limited (ABN 27 009 066 648) (**Lynas**) and is dated at 17 August 2020. This Presentation has been prepared in connection with Lynas' proposed fully underwritten<sup>1</sup> equity raising (**Offer**) of new ordinary shares in Lynas (**New Shares**), comprising:

- A placement of New Shares to institutional and sophisticated investors (**Placement**) under section 708A of the *Corporations Act 2001* (Cth) (**Corporations Act**)
- A pro rata accelerated non-renounceable entitlement offer of New Shares to certain eligible Lynas shareholders (**Entitlement Offer**).

The Entitlement Offer is being made to:

- eligible institutional shareholders of Lynas in certain permitted jurisdictions (**Institutional Entitlement Offer**); and
- eligible retail shareholders of Lynas in Australia and New Zealand (**Retail Entitlement Offer**),

under section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by the Australian Securities and Investments Commission (**ASIC**) Corporations (Non-Traditional Rights Issues) Instrument 2016/84, ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 and ASIC Corporations (Trading Suspension Relief) Instrument 2020/289.

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1. The Underwriting Agreement dated 17 August 2020 between Lynas and the Underwriters (**Underwriting Agreement**) provides that an Underwriter will not be required to subscribe for a number of shares that would cause it to breach the 20% takeover threshold contained in section 606 of the *Corporations Act 2001* (Cth) or Australia's published Foreign Investment Review Board policy or which would require notification to the Commonwealth Treasurer under the *Foreign Acquisitions and Takeovers Act 1975* (Cth). The issue size is approximately 184.9 million shares or 20.5% of Lynas' issued capital post completion of the Entitlement Offer. If an Underwriter was required to take up shares on issue which would otherwise cause it to breach or notify under these provisions then, for the purposes of ASIC Report 612 (March 2019), (i) it will still fund its respective proportion of the underwritten proceeds in accordance with and subject to the terms of the Underwriting Agreement by the applicable settlement date, (ii) the number of excess shortfall shares would be up to its respective proportion of the number of shares to be issued under the Offer pursuant to the terms of the Underwriting Agreement less the number of shares that have been pre-committed or sub-underwritten and the number of shares that the underwriter is able to take up without causing it to breach or notify under these provisions (when aggregated) with any additional interests the underwriter and its affiliates hold at the relevant settlement dates other than through its underwriting commitment and (iii) it would enter into an arrangement for any excess shortfall shares to be issued to it (where possible), or to third party investors, after close of the Offer until the date falling two months after the Offer is announced to ASX. No material impact on control is expected to arise as a consequence of these arrangements or from any shareholder taking up their entitlement where there is an excess shortfall. The directors of Lynas reserve the right to issue any shortfall (including any excess shortfall) under the Entitlement Offer at their discretion, subject to the terms of the Underwriting Agreement. Any shortfall under the Entitlement Offer will be allocated to the Underwriters or to third party investors as directed by the Underwriters in accordance with the Underwriting Agreement.

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## Financial data

All dollar values are in Australian dollars (A\$ or AUD) unless stated otherwise. This Presentation includes certain historical financial information as at 30 June 2020 unless stated otherwise (**Financial Information**), being:

- the historical consolidated statement of financial position as at 30 June 2020 (the **Historical Financial Information**); and

- the proforma historical consolidated statement of financial position as at 30 June 2020 assuming the completion of the Offer (net of transaction costs) (the **Pro Forma Historical Financial Information**).

The Historical Financial Information and Pro Forma Historical Financial Information are collectively referred to as **Financial Information**.

The Financial Information has been included in this Presentation in relation to the Offer and should not be used for any other purpose. The Financial Information is intended to present investors with information to assist them in understanding the underlying historical financial position of Lynas. The Directors of Lynas (the **Directors**) are responsible for the preparation and presentation of the Financial Information.

The Historical Financial Information was derived from the consolidated financial statements of Lynas for the year ended 30 June 2020, which were audited by Ernst & Young in accordance with Australian Auditing Standards and on which an unqualified audit opinion was issued. The Historical Financial Information has been prepared using the recognition and measurement requirements of Australian Accounting Standards (**AAS**).

The Pro Forma Historical Financial Information has been derived from the historical consolidated statement of financial position as at 30 June 2020 and adjusted for pro forma adjustments relating to the Offer less transaction costs as if they had occurred as at 30 June 2020. The Pro Forma Historical Financial Information has been prepared by Lynas in accordance with the recognition and measurement requirements of AAS other than it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they had occurred as at 30 June 2020.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the AAS, the International Financial Reporting Standards (including the interpretations of the International Financial Reporting Interpretations Committee) (**IFRS**) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The Pro Forma Historical Information provided in this presentation is for illustrative purposes only and is not represented as being indicative of Lynas' views on its future financial condition and/or performance.

Certain financial measures included in this Presentation are (i) “non-IFRS financial information” under ASIC Regulatory Guide 230: “Disclosing non-IFRS financial information” and (ii) non-GAAP financial measures under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These measures include net debt and EBITDA<sup>1</sup>. While Lynas believes that this non-IFRS financial information provided, and these non-GAAP financial measures provide, useful information to users in measuring the financial performance and conditions of Lynas, non-IFRS and non-GAAP financial measures do not have standardised meanings prescribed by AAS or IFRS, may not be comparable to the calculation of similar measures of other companies and, as presented, may not be permissible in a registration statement under the U.S. Securities Act. Therefore, you should not place undue reliance on any non-IFRS financial information or non-GAAP financial measures included in this Presentation or construe them as alternatives to other financial measures determined in accordance with AAS or IFRS.

1. EBITDA means earnings before Interest, Taxes, Depreciation and Amortisation. Refer to note A.1 in Lynas' FY 20 consolidated financial statements for numerical reconciliation of profit for the year to EBITDA

# Disclaimer (cont'd)

## Subsequent events

The Financial Information has been prepared based upon conditions existing at 30 June 2020 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed as at 30 June 2020. No adjustments have been made to the Pro Forma Historical Financial Information as at 30 June 2020 for events that occurred post 30 June 2020 other than pro forma adjustments relating to the Offer less transaction costs as if they had occurred as at 30 June 2020. Refer to Note E10 to the 30 June 2020 consolidated financial statements for details of subsequent events that have occurred post 30 June 2020.

This Presentation contains pro forma financial information (including a pro forma balance sheet). Investors should note that the pro forma financial information included in this Presentation is for illustrative purposes only, is not represented as being indicative of Lynas' views on its future financial condition or performance, and any pro forma historical financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

## Effect of Rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding.

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This Presentation contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. The words "expect", "likely", "should", "could", "may", "will", "aim", "intend", "propose", "believe", "opinion", "consider", "predict", "plan", "scenario", "project", "outlook", "guidance", "forecast", "anticipates", "target" "estimate" and other similar expressions within the meaning of securities laws of applicable jurisdictions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements include statements regarding Lynas' expectations about the financial and operating performance of its businesses, statements about the plans, objective and strategies of Lynas' management, statements about the industry and markets in which Lynas operates and statements about the timetable and the outcome of the Offer and the proceeds thereof. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. Any forward-looking statements, opinions and estimates in this Presentation speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates.

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There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of the COVID-19 pandemic, the Australian and global economic environment and capital market conditions and other risk factors set out in this Presentation. Investors should consider the forward-looking statements contained in this Presentation in light of those risks and disclosures. The forward-looking statements are based on information available to Lynas as at the date of this presentation.

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# Disclaimer (cont'd)

## Investment Risk and other risks

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Lynas. Lynas does not guarantee any particular rate of return or the performance of Lynas nor does it guarantee any particular tax treatment. Investors should have regard to the "Key Risks" section of this Presentation when making their investment decision. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of shares in Lynas (including New Shares) in the future. There is no guarantee that the New Shares will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

## Disclaimer

No party other than Lynas has authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation or makes or purports to make any statement in this Presentation. Canaccord Genuity (Australia) Limited (ABN 19 075 071 466) and Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795) (**Underwriters**) are joint lead managers, bookrunners and underwriters to the Offer. A summary of the key terms of the Underwriting Agreement is included in the "Key Risks" section of this Presentation.

To the maximum extent permitted by law, each of Lynas, the Underwriters, their respective affiliates or related bodies corporate, and each of their respective advisers, directors, officers, partners, employees and agents (each a **Limited Party**):

- expressly exclude and disclaim all responsibility and liability, including, without limitation, for negligence or in respect of any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by way of negligence or otherwise; and
- make no representation or warranty, express or implied, as to the fairness, currency, accuracy, reliability or completeness of information in this Presentation or any constituent or associated presentation, information or material, or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in, implied by, the information in this Presentation or any part of it, or that this Presentation contains all material information about Lynas, the Offer or that a prospective investor or purchaser may require in evaluating a possible investment in Lynas or acquisition of New Shares.

Each Underwriter and its other Limited Parties make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer. There is no statement in this Presentation which is based on any statement by any Underwriter or any Underwriter's Limited Parties (except for references to the Underwriters' names). You represent, warrant and agree that you have not relied on any statements made by the Underwriters or other Limited Parties in

relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of Lynas, the Underwriters or their Limited Parties. You undertake that you will not seek to sue or hold the Underwriters or their Limited Parties liable in any respect in connection with this Presentation or the Offer (to the maximum extent permitted by law).

The Underwriters, together with their respective affiliates and related bodies corporate, are each full service financial institutions engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, marketing making, market lending, brokerage and other financial and non-financial activities and services including for which they have received or may receive customary fees and expenses. The Underwriters (and/or their respective bodies corporate) have performed, and may perform, other financial or advisory services for Lynas, and/or may have other interests in or relationships with Lynas and its related entities or other entities mentioned in this Presentation for which they have received or may receive customary fees and expenses. Without limitation, in the ordinary course of their various business activities, the Underwriters and other Limited Parties may have interests in the securities of Lynas, including being directors of, or providing investment banking services to, Lynas. Further, they may act as market maker or buy or sell those securities or associated derivatives as principal or agent. The Underwriters may receive fees for acting in their capacity as joint lead managers, bookrunners and underwriters to the Offer.

Investors acknowledge and agree that determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Lynas and the Underwriter. Each of Lynas and the Underwriters and each of their respective affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

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## Withdrawal and cooling-off

Lynas reserves the right to withdraw, or vary the timetable for, the Offer without notice (subject to the Underwriters' consent). Cooling-off rights do not apply to the acquisition of New Shares.

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# 1. Equity Raising Summary

# Funding Lynas 2025 Foundation Projects

<h2>Equity Raising</h2>	<ul style="list-style-type: none"> <li>Lynas is raising approximately A\$425m through a fully underwritten<sup>1</sup> ~A\$211.6m institutional placement and a ~A\$213.7m pro rata accelerated non-renounceable entitlement offer</li> </ul>
<h2>Use of Proceeds</h2>	<ul style="list-style-type: none"> <li>Proceeds from the equity raising will fund the <i>Lynas 2025</i> foundation projects expected to be delivered in 2023:             <ul style="list-style-type: none"> <li>Planned <b>Kalgoorlie Rare Earths Processing Facility</b> to produce mixed Rare Earths carbonate for shipment to the Lynas Malaysia Plant</li> <li><b>Associated upgrades at the Lynas Malaysia Plant</b></li> </ul> </li> <li>Any additional proceeds will be used for general corporate and working capital purposes</li> <li><i>Note: Funding of the proposed Heavy Rare Earths separation facility, if it proceeds, is excluded and will be pursued separately</i></li> </ul>
<h2>Rationale</h2>	<ul style="list-style-type: none"> <li>The Lynas business is transforming to grow with its markets and deliver a larger, more diverse business by 2025</li> <li>Major Projects deliverable in 2023 are essential steps towards the <i>Lynas 2025</i> vision and will provide foundation capability for further growth</li> <li>On time delivery of Lynas 2025 foundation projects is essential to meet regulatory requirements<sup>2</sup></li> <li>Operating cashflow may be affected by the uncertain global economy as a result of COVID-19 effects             <ul style="list-style-type: none"> <li>Equity raise is a proactive capital management decision to enable progress to continue on required timelines</li> </ul> </li> <li>Strong support from the Australian and Western Australian governments for the development of Australian based Rare Earths processing capability</li> <li>Strengthened balance sheet with pro-forma<sup>3</sup> net cash of A\$318m (as at 30 June 2020)</li> </ul>

1. Please refer to footnote 1 on page 2

2. The operating licence for the Lynas Malaysia Plant was renewed by the Malaysia Atomic Energy Licensing Board for three years expiring March 2023. The approval is subject to conditions summarised in the announcement to the ASX dated 27 February 2020. Key conditions include that the Cracking and Leaching plant outside Malaysia is in operation before July 2023. After that period, Lynas will no longer be allowed to import raw materials containing Naturally Occurring Radioactive Material into Malaysia. The planned Kalgoorlie Rare Earths Processing Facility is required to satisfy this condition. To the extent that Lynas does not comply with this and other conditions, then Lynas' licences and approvals may be revoked. See also Malaysian regulatory matters the Key Risks section in Annexure B. Further, as announced on 17 January 2020, a judicial review application has been lodged in Malaysia relating to the renewal of the Lynas Malaysia operating licence. The hearing of that judicial review application is scheduled for 19 October 2020. While Lynas has been successful in defending several similar judicial review applications in the past, any adverse court findings could materially adversely affect the ability of Lynas to operate its Malaysian plant in its current form. See also legal action in Key Risks section in Annexure B

3. Pro forma measures have been calculated as at 30 June 2020, after costs of the equity raising

# Enabling an Exciting Transformation

- ✓ Equity raising will deliver timely funding for *Lynas 2025* foundation projects
- ✓ Equity raise mitigates uncertainty created by COVID-19 in the near and intermediate term
- ✓ Raising funds now allows better planning and management of the extensive capital plan through to 2023

## Certainty

- ✓ Able to use operating cash flow for other essential capital projects including Malaysian Permanent Deposit Facility (**PDF**)
- ✓ Flexibility to use other funding solutions to capture additional growth opportunities as they arise
- ✓ Equity funding significantly enhances Lynas' balance sheet during a critical transformation and growth period

## Flexibility

- ✓ Structure of the offer allows eligible existing Lynas shareholders<sup>1</sup> to participate in the entitlement offer on a pro-rata basis
- ✓ New investors have an opportunity to join the *Lynas 2025* growth vision by subscribing for new shares
- ✓ Post equity raise, Lynas' enhanced balance sheet and funding capabilities are expected to benefit **all** shareholders

## Equitable

1. Including institutional shareholders and eligible retail shareholders with a registered address in Australia or New Zealand

# Key Offer Details

Investors can gain exposure to Rare Earths through an investment in the only significant producer of separated Rare Earths outside of China

<h2>Offer Size and Structure</h2>	<ul style="list-style-type: none"> <li>Equity raising of approximately A\$425m comprising a fully underwritten<sup>1</sup> institutional placement of approximately 92 million new fully paid ordinary shares in Lynas (<b>New Shares</b>) to raise approximately A\$211.6 million (<b>Placement</b>) and a 1 for 7.7 pro rata accelerated non-renounceable entitlement offer to eligible existing shareholders of approximately 92.9 million New Shares to raise approximately A\$213.7 million (<b>Entitlement Offer</b>), (together, the <b>Offer</b>)</li> <li>Under the Entitlement Offer, eligible shareholders have the opportunity to subscribe for 1 New Share for every 7.7 existing Lynas shares held as at the Record Date (7.00pm on Wednesday, 19 August 2020)</li> </ul>
<h2>Offer Price<sup>2</sup></h2>	<ul style="list-style-type: none"> <li>A\$2.30 per New Share representing a 11.9% discount to the last closing price of A\$2.61 on 14 August 2020 and 9.7% discount to TERP<sup>2</sup> of \$2.5463</li> </ul>
<h2>Offer Details</h2>	<ul style="list-style-type: none"> <li>Approximately 184.9 million New Shares to be issued, representing 25.8% of existing shares on issue</li> <li>The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferable</li> <li>The Entitlement Offer comprises an accelerated Institutional Entitlement Offer and Retail Entitlement Offer</li> <li>Eligible retail shareholders, being eligible shareholders with a registered address in Australia or New Zealand, will have the ability to subscribe for shares over and above their entitlement, subject to the level of uptake of the Retail Entitlement Offer</li> <li>New Shares issued under the Offer will rank equally with existing shares on issue</li> </ul>
<h2>Underwriting</h2>	<ul style="list-style-type: none"> <li>The Offer is fully underwritten<sup>1</sup> by Canaccord Genuity (Australia) Limited and Merrill Lynch Equities (Australia) Limited, subject to certain conditions</li> <li>Ord Minnett Limited is acting as co-lead manager to the Offer</li> </ul>

1. Please refer to footnote 1 on page 2

2. The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which Lynas shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equate to TERP. TERP is calculated by reference to Lynas' closing price of A\$2.61 on 14 August 2020. The TERP calculation includes New Shares issued under the Placement

# Equity Raising Timetable

Event	Date
Equity Raising announcement and Placement and Institutional Entitlement Offer open	Monday, 17 August 2020
Announce Completion of Placement and Institutional Entitlement Offer	Wednesday, 19 August 2020
Trading in Lynas shares resumes on an ex-entitlement basis	Wednesday, 19 August 2020
Record date for determining entitlement for the Entitlement Offer	7.00PM Sydney Time, Wednesday, 19 August 2020
Despatch of Retail Offer Booklet and Retail Entitlement Offer open	Monday, 24 August 2020
Settlement of Placement and Institutional Entitlement Offer	Tuesday, 25 August 2020
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	Wednesday, 26 August 2020
Retail Entitlement Offer closing date	5.00PM Sydney Time, Monday, 7 September 2020
Results of Retail Entitlement Offer announced to ASX	Thursday, 10 September 2020
Settlement of Retail Entitlement Offer	Friday, 11 September 2020
Normal trading of New Shares issued under the Retail Entitlement Offer	Tuesday, 15 September 2020
Despatch of holding statements	Wednesday, 16 September 2020

*Note: The Offer Timetable is subject to variation. Lynas reserves the right to alter the Timetable at its discretion and without notice, subject to ASX Listing Rules and the Corporations Act and other applicable law. In particular, Lynas reserves the right to either, generally or in particular cases, extend the closing date of the institutional or retail components of the Offer, to accept late applications or to withdraw the Offer prior to the issue of the relevant securities without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX*

# Lynas Pro-forma Capital Structure

## Fit for Purpose pro-forma capital structure

- Equity raising is the next step in prudent capital management
- Japan Australia Rare Earths B.V. (JARE) debt of US\$156.5m (principal of US\$145m plus US\$11.5m of deferred interest)<sup>5</sup>
- Pro-Forma<sup>2</sup> net cash balance as at 30 June 2020: A\$318m
- Final tranche of convertible bonds (US\$12.2m) converted by bondholders on 3 August 2020
- Supportive senior lender:
  - JARE lending facility with a maturity date of 30 June 2030 and an interest rate of 2.5% p.a.
  - Ongoing active support for company and industry development shown by recent deferral of historical interest liabilities<sup>6</sup>

1. Please refer to footnote 1 on page 2

2. Pro forma measures have been calculated as at 30 June 2020, after costs of the equity raising

3. Net Debt comprising the net of Borrowings and cash & cash equivalents

4. See footnote 1 on page 3. EBITDA calculated for the 12 months ended 30 June 2020

5. The JARE debt of US\$156.5m (principal of US\$145m plus US\$11.5m of deferred interest) has been discounted to present value and converted to Australian dollars at 30 June 2020 to A\$181m. For further detail, please refer to note C.2. in Lynas' FY20 consolidated financial statements

6. On 13 August 2020, Lynas announced that JARE will defer further interest payments of US\$11.5m until 31 October 2021 with no penalty and no additional interest

Debt Facility	30 June 2020	Impact of fully underwritten <sup>1</sup> Equity Raising	Pro Forma <sup>2</sup>
JARE Loan Facility	(\$181m) <sup>5</sup>		(\$181m)
Convertible Bond	(\$18m)		(\$18m)
Cash and cash equivalents	\$102m	\$415m	\$517m
Net (Debt) <sup>3</sup> / Cash and cash equivalents	(\$97m)	\$415m	\$318m
Ratio of Net Debt / EBITDA <sup>4</sup>	(1.6)		Not applicable

Sources		Uses	
Equity Raising	\$425m	Kalgoorlie Rare Earth Processing Facility and associated upgrades at the Lynas Malaysia Plant	\$415m
		Transaction Costs	\$10m
<b>Total Sources</b>	<b>\$425m</b>	<b>Total Uses</b>	<b>\$425m</b>

# Pro-forma Balance Sheet

	30 June 20	Impact of fully underwritten equity raising <sup>1</sup>	30 June 20
	Historical financial information		Pro forma historical financial information
	A\$ million	A\$ million	A\$ million
Cash and cash equivalents	102	415	517
Other current assets and non-current assets	834		834
<b>Total assets</b>	<b>936</b>	<b>415</b>	<b>1,351</b>
Borrowings	199		199
Other current liabilities and non-current liabilities	219		219
<b>Total liabilities</b>	<b>418</b>		<b>418</b>
<b>Net assets</b>	<b>518</b>	<b>415</b>	<b>933</b>
<b>Equity</b>			
Share capital	1,425	415	1,840
Accumulated losses and reserves	(907)		(907)
<b>Total equity</b>	<b>518</b>	<b>415</b>	<b>933</b>

1. Pro forma adjustment: \$425 million equity raise net of transaction costs of \$10 million



## 2. The Lynas Story

# Lynas supplies essential materials to exciting growth industries

## Key Investment Drivers

- Global Climate Change Policy
- Industrial Automation
- Desire for Sustainable Mobility
- Increased global significance of Rare Earths
- Heightened focus on resilient supply chains
- Technology Incentives and R&D Subsidies



**Electric Vehicles (EV)** – Including Electric drive components, Hybrid motor technology, Electric public transport and Electric aviation  
*Benefits: Lighter and more efficient high-performance motors*  
*Rare Earth products: NdPr, Dy, Tb*



**Green Technologies** – Including automotive Catalytic Converters to reduce NOx, CO gases and new generation direct drive Wind Turbines  
*Benefits: Making vehicle emissions cleaner, and wind turbines lighter, more reliable, cheaper to maintain and lower energy production costs*  
*Rare Earth products: NdPr, Dy, Tb, Ce*



**Consumer Electronics** – Including smartphones and computer components  
*Benefits: Driving the evolution of smaller, lighter, cheaper and more efficient consumer devices*  
*Rare Earth products: NdPr, Dy, Tb, Ce, La*



**Robotics, Appliances & Medical Devices** – Including robotics, drones, household appliances, medical diagnostic equipment  
*Benefits: Improving energy efficiency and medical diagnoses*  
*Rare Earth products: NdPr, Dy, Tb*

# Lynas is a Proven Producer of Separated Rare Earths



## Designed to sustainably meet market needs now and into the future

- Ethos of Zero harm for our people, our communities and the environment
- Mt Weld is a tier 1 deposit – long life, high grade with a favourable mix of Rare Earth elements
- Facilities designed to meet Sustainability principles
- Gold medal CSR rating from EcoVadis for supply chain sustainability
- UN Global Compact signatory



## Inhouse Expertise & Intellectual Property (IP) which cannot be easily replicated

- Processing Rare Earths requires complex mineralogical and industrial skills
- In the last 3 decades, Lynas is the only significant Rare Earths business outside China to successfully construct and ramp-up separation facilities
- Lynas has operated the world's largest Rare Earths separation plant in Kuantan, Malaysia safely for 8 years
- Lynas has developed significant inhouse chemical, technical & engineering IP



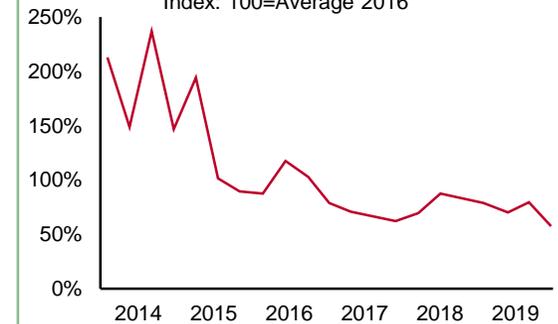
## Trusted Customer Relationships

- Strategic customers in Asia, Europe & North America
- Market leading supplier to Japanese magnet market
- Products are traceable from mine to magnet with life cycle assessment available
- Business development capability to tailor products and services to customer needs



## Strong Track Record

Lynas NdPr Production Cost  
Index: 100=Average 2016



- An integrated business able to optimise costs from mine to refined product
- Track record of reliable production that meets customer requirements
- Lynas NEXT \$35m capacity building project delivered on time and on budget in FY2018-2019

# Positioning Our Industrial Footprint for a Growing Market

## Malaysia



2020: A dynamic operation in Gebeng, Malaysia with Cracking & Leaching, Solvent Extraction, Product Finishing  
2025: Opportunities for further downstream processing

## United States



July 2020: Contract signed with U.S. Dept of Defense for detailed design of Heavy Rare Earths Separation Facility

## Western Australia

2020: Tier 1 deposit at Mt Weld Mine and Concentration Plant. Continuing exploration and development to maintain a 25+ year Reserve<sup>1</sup>

July 2023: New Kalgoorlie Rare Earths Processing Facility to be operational



1. Please refer to Appendix A

# Unlocking the Potential of our Premier Deposit at Mt Weld

## Significant, High-Grade Resources

- Tier 1 deposit with 25+ year life at Lynas NEXT rates<sup>1</sup>
- Mining and Processing higher grade CZ and LI ore since start up
- Processing of Duncan ore (higher HRE incl Dy, Tb) since Q1 FY20
- 2019 Mineral Resource – 2,980 kt contained Total Rare Earth Oxide (TREO)<sup>1</sup>
- 2019 Ore Reserve – 1,648 kt contained TREO<sup>1</sup>

## Investment can improve Mt Weld operations

### Mining

- Drilling programs planned North-West and South of current Life of Mine Pit
- Targeting depth extensions from drilling in the Apatite (AP) ore zone
- Fresh Mineralisation is open at depth with minimal deep drilling into the orebody

### Processing

- R&D on increasing recovery
- Install new stack cells – low cost capacity uplift
- Application of Accelerated Mechanical Consolidation (AMC) technology to improve tailings consolidation
- New water treatment to extend water recovery and recycling
- Investigating hybrid and renewable power supply options

1. Please refer to Appendix A



# Lynas Rare Earth materials are used in industries where sustainability & environmental provenance matters



## We care for our people:

- The health & safety of our people, our communities and the environment is always our first priority
- We develop our people through training, education & promotions
- Certified to OHSAS 18001 (Occupational Health and Safety Management Systems)

## We care for the environment:

- Environmentally-responsible Rare Earths producer by design
- Mine to magnet traceability
- Life Cycle Assessment with selected partners
- Certified to ISO 14001 (Environmental Management Systems)

## We care for our communities:

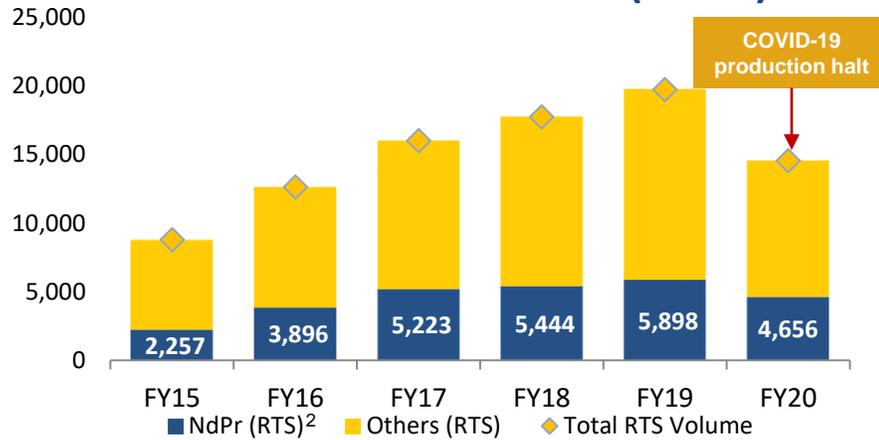
- Making a positive contribution to local employment, skills, education, and health
- Prioritising local suppliers
- Keeping our communities informed
- Being a trusted & productive community member

## Our sustainability has been recognised:

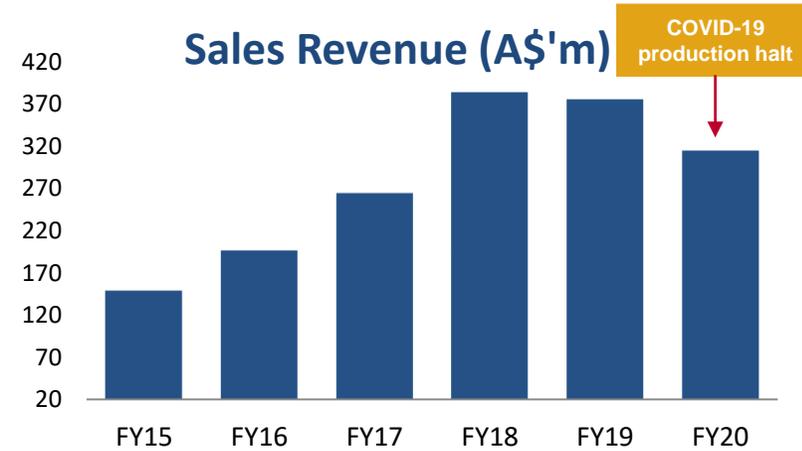
- Gold EcoVadis CSR rating for the Lynas Malaysia Plant, ranking in top 5% of companies evaluated (July 2019)
- 'Best in CSR Award' to the Lynas Malaysia Plant in Lang International Awards (November 2019)

# Trend of financial results

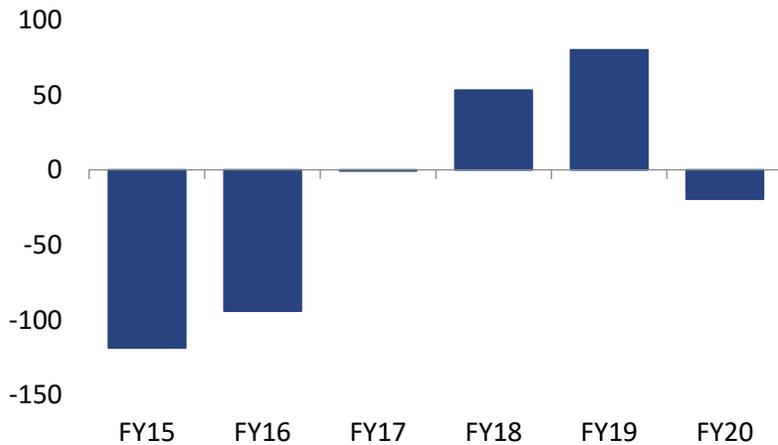
## Production Volume (REOt<sup>1</sup>)



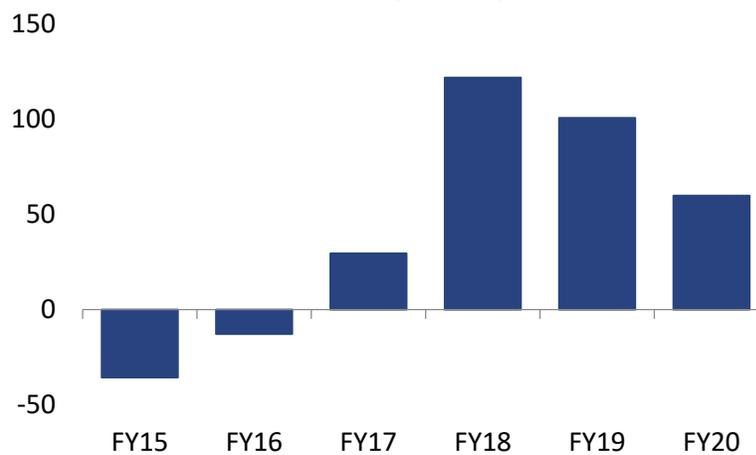
## Sales Revenue (A\$m)



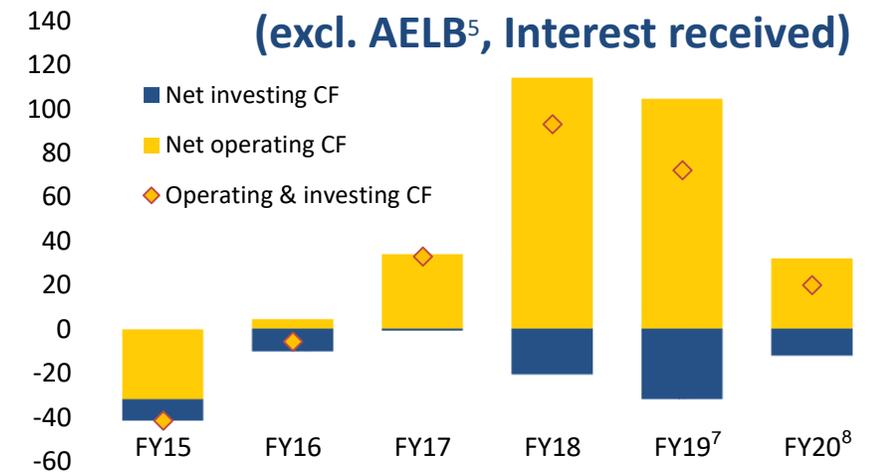
## NPAT<sup>3</sup> (A\$m)



## EBITDA<sup>4</sup> (A\$m)



## Cash Flow<sup>6</sup> (A\$m) (excl. AELB<sup>5</sup>, Interest received)



1. Rare Earth Oxide tonnes  
2. Ready To Sell

3. Net Profit After Tax  
4. Please refer to footnote 1 on page 3  
5. Deposit as collateral for the Atomic Energy Licensing Board in Malaysia

6. Cash Flow (excluding AELB and Interest received) is a non-IFRS disclosure  
7. Cash Flows 2019: Net cash used in investing activities of \$40.6m (as per FY19 consolidated financial statements) plus \$10.3m deposit as collateral to AELB less interest received of \$2.0m

8. Cash Flows 2020: Net cash used in investing activities of \$21.8m (as per FY20 consolidated financial statements) plus \$12.5m deposit as collateral to AELB less interest received of \$2.9m

# Board & Management Team Supporting the Lynas 2025 Vision



**Kathleen Conlon**

*Chair-elect*



**Mike Harding**

*Chair*

*(retiring 30<sup>th</sup> September 2020)*



**Amanda Lacaze**

*Managing Director*



**Grant Murdoch**

*Non-Executive  
Director*



**Philippe Etienne**

*Non-Executive  
Director*



**Professor John  
Humphrey**

*Non-Executive  
Director*



**Gaudenz  
Sturzenegger**

*Chief Financial  
Officer*



**Pol Le Roux**

*VP, Downstream*



**Kam Leung**

*VP, Upstream*



**Andrew Arnold**

*General Counsel &  
Company Secretary*



**Dato' Mashal  
Ahmad**

*VP, Malaysia*



**Mimi Afzan Afza**

*VP, People &  
Culture*

A photograph of four workers in high-visibility yellow and blue safety gear, including hard hats and sunglasses, standing in a mining or construction site. They are engaged in a discussion, with one worker pointing towards the right. The background shows large piles of reddish-brown earth or ore.

### 3. Our Growth Strategy

# Transforming for the Future



## Lynas Today

- Tier 1 Rare Earths deposit at Mt Weld
- The World's largest Rare Earths separation plant in Gebeng, Malaysia
- Strategic customer relationships in Asia, Europe & North America
- Dedicated project teams working to execute *Lynas 2025* plans, including new Kalgoorlie Rare Earths Processing Facility
- Supportive lending arrangements with JARE



## Lynas in 2023

- Upgrades at Mt Weld to improve operational delivery
- Kalgoorlie Rare Earths Processing Facility operating by July 2023
- Upgrades at the Lynas Malaysia Plant to process material from the new Kalgoorlie Rare Earths Processing Facility
- Expanded product portfolio



## Our Vision for 2025

- A larger business to meet forecast demand growth
- Diversified industrial footprint with processing facilities in optimal locations
- Supplier of choice to strategic customers with a fit for market product portfolio
- Target NdPr production capacity of 10,500 tonnes per annum by 2025<sup>1</sup>



## Capital Projects Plan

- Kalgoorlie Rare Earths Processing Facility plus associated upgrades at the Lynas Malaysia Plant of \$500m
- Malaysian PDF \$120m

**Our track record underpins our confidence in the future**

1. The capacity of our facilities represents that maximum annual production volume achievable at normal production rates, subject to factors including customer demand and any applicable regulatory constraints

# Developing Value-Added Rare Earth Processing in Western Australia



**Creating a Rare Earths processing hub in the Goldfields region, WA**

- Kalgoorlie selected as location for planned Lynas Rare Earths Processing Facility on 9 December 2019
- Kalgoorlie offers proximity to the Mt Weld mine, a skilled workforce, and a rich history in mining
- Project awarded Lead Agency status by the Government of Western Australia and Major Project status by the Australian Government



**Delivering on government policy for critical minerals processing**

- The Australian government's Critical Minerals Development Roadmap (April 2019)<sup>1</sup> targets development of value-added critical minerals processing in Australia
- Significant work with the Australian government, including Export Finance Australia, Clean Energy Finance Corporation & Critical Minerals Facilitation Office, to support the development of a Goldfields critical minerals hub



**Engaging with the Kalgoorlie community & regulators**

- Presentations to local community and business forums November 2019 & February 2020
- Interactive online Community Forum held June 2020
- Pop-up information booth from September – October 2020
- Ongoing consultation & engagement with WA & federal regulators



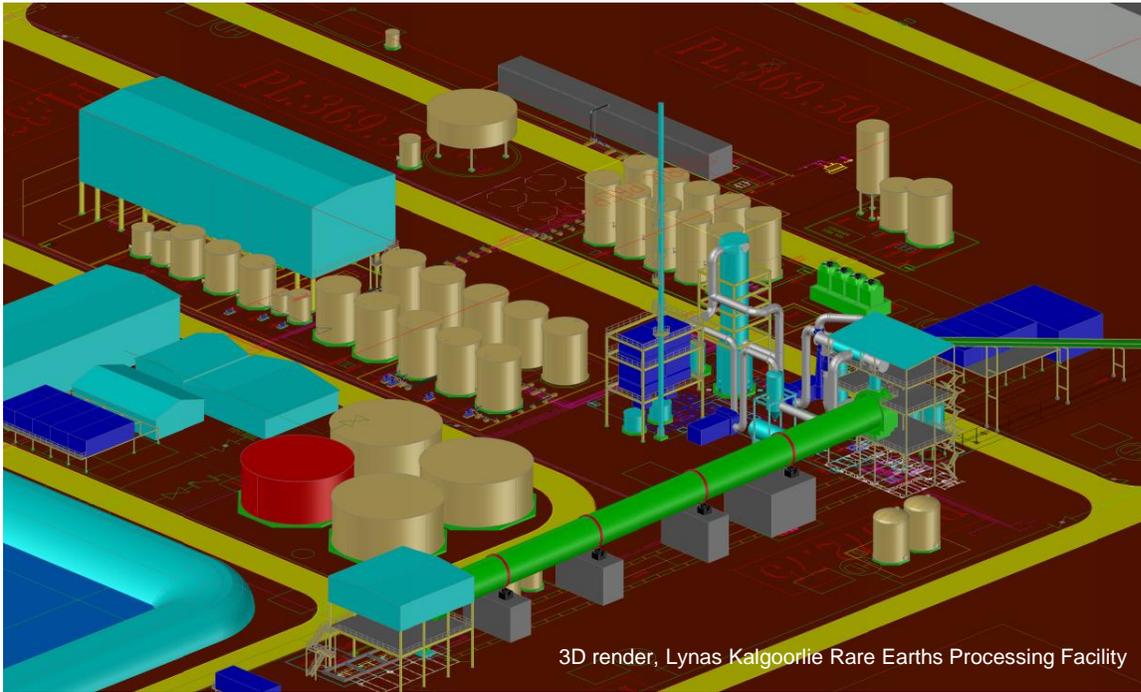
**Contributing to the Kalgoorlie economy**

- Up to \$500m capital investment in Kalgoorlie
- Expect to create up to 500 jobs during construction & directly employ over 200 people in the Goldfields once operational
- Residential workforce in Kalgoorlie
- Priority given to hiring and buying locally

1. Source: Australian government, <https://www.industry.gov.au/news-media/critical-minerals-facilitation-office-news/national-roadmap-for-critical-minerals-development>

# Making progress on our planned Kalgoorlie Rare Earths Processing Facility

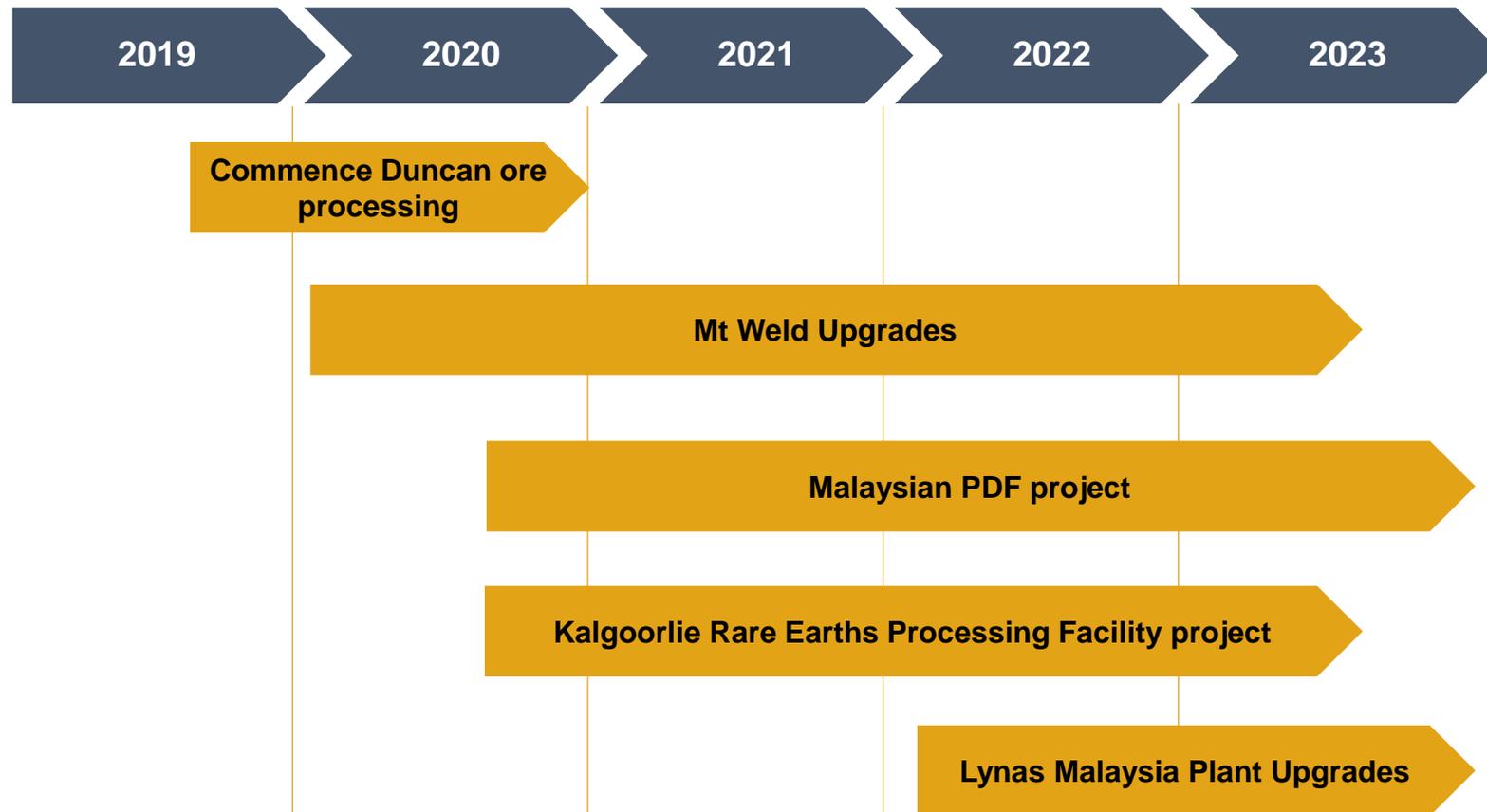
A foundation project for the *Lynas 2025* growth plan



- Construction expected to commence in mid 2021 , subject to approvals
- Facility will process Rare Earth concentrate from Mt Weld to produce mixed Rare Earth carbonate that will undergo further processing at the Lynas Malaysia Plant
- Lynas has exercised a sublease for an industrial zoned property from the City of Kalgoorlie-Boulder
- Project environmental studies completed and awaiting regulatory approvals
- High-level design completed in-house based on learnings from the Lynas Malaysia Plant
- Front-end Engineering Design completed for critical areas
- Order placed for the rotary kiln (the most critical long lead item)
- Lynas is seeking regulatory approvals to commence Preliminary Works in H2 CY2020

**Dedicated project team in place**

# Building the foundations for our future growth



*Dates illustrated are indicative and may be affected by a variety of factors which may impact progress and the timing of completion*

**Transformation and flow sheet enhancements will position the business to grow with the market**



## 4. Summary

# Lynas is transforming for the future

## Offer Overview

- Lynas is raising approximately \$425m through a fully underwritten<sup>1</sup> ~A\$211.6m institutional placement and a ~A\$213.7m pro rata accelerated non-renounceable entitlement offer, to fund
  - Planned **Kalgoorlie Rare Earths Processing Facility** to produce mixed Rare Earths carbonate for shipment to the Lynas Malaysia Plant
  - **Associated upgrades at the Lynas Malaysia Plant**
- Any additional proceeds will be used for general corporate and working capital purposes

## Rationale for the Equity Raise

- Major Projects deliverable in 2023 are essential steps towards the *Lynas 2025* vision and will provide foundation capability for further growth
- Provides Lynas with the flexibility to continue to transform and reshape its business despite the unstable economic environment due to COVID-19
- On time delivery of Lynas 2025 foundation projects is essential to meet regulatory requirements<sup>2</sup>

## Key Dates<sup>3</sup>

Completion of  
Institutional Offer

Wednesday  
19 August 2020

Record Date

Wednesday  
19 August 2020

Retail Entitlement  
Offer Opens

Monday  
24 August 2020

Retail Entitlement  
Offer Closes

Monday  
7 September 2020

1. Please refer to footnote 1 on page 2  
2. Please refer to footnote 2 on page 8  
3. Please refer to the note on page 11

# The Rare Earths Company of Choice



## Market Opportunities

- Long term demand outlook for key Rare Earths products including NdPr remains strong<sup>1</sup>
- COVID-19 has increased customer and governmental appetite for diversified and resilient Rare Earths supply



## Unique Market Position

- World's second largest Rare Earths producer
- Only significant producer of separated Rare Earths outside of China
- Established & trusted relationships with strategic customers in global supply chains
- Active support from Australian, Japanese and US governments



## Established Operations with Significant IP

- Proven and profitable business
- Strong capital and operating cost culture
- Significant Technical, Engineering and Processing IP
- Track record of delivering projects on time and on budget



## Growth & Expansion Opportunities

- Mt Weld – Tier 1 Deposit with an existing 25+ year Reserve life<sup>2</sup>
- Planned Kalgoorlie Rare Earths Processing Facility provides foundation for Lynas 2025 growth initiatives



## Proven Team

- Corporate culture founded on capable and resilient people
- Rigorous focus on building long term shareholder value

1. Roskill, Rare Earth Outlook to 2029, 28th Edition, 31 December 2019  
2. Please refer to Appendix A

Visit our Investor Centre at:  
[www.lynascorp.com](http://www.lynascorp.com)

## OUR VALUES



### Care

We care for and respect each other, our communities and the environment. We make sure we all go home safe and well.



### Achievement

We are resilient and committed. We overcome challenges to achieve our goals.



### Expertise

We are driven to be the world's best in Rare Earths and to earn the respect of our customers.



### Diversity

We are a multicultural company. We value and embrace diversity.



### Sustainability

We are passionate about contributing to a sustainable future and green technologies.

# Appendix A: JORC Compliance

# JORC Compliance

The information in this presentation is extracted from the report entitled Lynas Corporation 2019 Annual Report created on (October 2 2019) and is available to view on (<https://www.lynascorp.com/wp-content/uploads/2019/10/191002-Annual-Report-Appendix-4G-and-Corporate-Governance-Statement-1979978.pdf>).

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

## Appendix B: Key Risks

# Key Risks

This section discusses some of the key risks associated with an investment in Lynas, which may affect Lynas' business, its operating and financial performance, and the value of Lynas shares (including New Shares issued in connection with the Placement or Entitlement Offer). Before investing in Lynas, you should be aware that an investment in Lynas has a number of risks, some of which are specific to Lynas and some of which relate to listed securities generally, many of which are beyond the control of Lynas. You should consider whether this investment is suitable for you.

Potential investors should consider publicly available information on Lynas (such as that available on the websites of Lynas and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision. Nothing in this presentation is personal financial product advice and this document has been prepared without taking into account your investment objectives or personal circumstances.

The risks set out below have been categorised into risks associated with Lynas' business and risks associated with the Placement, Entitlement Offer and associated matters. Such categorisation is not intended to be in order of importance and you should read all of this key risk section in its entirety. The following risks do not constitute an exhaustive list of all risks involved with an investment in Lynas. It is also important to note that there can be no guarantee that Lynas will achieve its stated objectives or that any forward-looking statements or forecasts contained in this presentation will be realised.

## **RISKS ASSOCIATED WITH LYNAS' BUSINESS**

Set out below are the principal risks and uncertainties associated with Lynas (including its controlled entities) (**Lynas**). It is not possible to determine the likelihood of these risks occurring with any certainty. In the event that one or more of these risks materialise, Lynas' reputation, strategy, business, operations, financial condition and future performance could be materially and adversely impacted. There may also be other risks that are currently unknown or are deemed immaterial, but which may subsequently become known and/or material. These may individually or in aggregate adversely impact Lynas. Accordingly, no assurances or guarantees of future performance, profitability, distributions or returns of capital are given by Lynas.

### **Impact of COVID-19 and general economic conditions**

In light of recent global macroeconomic events, including the impact of COVID-19, some of the countries in which Lynas operates and sells its Rare Earths, including Malaysia, Australia and the United States, are experiencing, and may continue to experience, an economic recession or downturn, the severity and duration of which remains highly uncertain. These economic disruptions could have a material adverse effect on Lynas' operating and financial position and performance, and could affect the price of Lynas shares.

Additionally, the events relating to COVID-19 have resulted in significant market changes and volatility of supply and demand. The outbreak and its impacts are rapidly evolving and outcomes are uncertain and dependent upon many factors beyond Lynas' control.

Many of the risks highlighted in further detail below may be heightened due to the impacts of the COVID-19 pandemic. There continues to be considerable uncertainty as to the further short- and long-term impact of COVID-19, globally and within the markets in which Lynas operates and sells its Rare Earths, including in relation to governmental responses, international trade, potential taxation changes, work stoppages, lockdowns, quarantines, travel restrictions and share markets.

The potential effects of these possible outcomes on Lynas include, but are not limited to:

- closure of and/or reduced capacity at Lynas' plants and facilities;
- delays or interruption in supply chains leading to an inability to secure or obtain raw materials, finished products or components, or to distribute products to customers;
- health outcomes for Lynas' employees or its customers' employees, which could result in the closure of a plant or facility for a period and could adversely affect the availability of technically equipped and qualified personnel needed to conduct certain operations;
- a reduction in processing of downstream products and production of end-products that utilise Lynas' Rare Earths or other industrial activity, leading to a decrease in demand for Lynas' Rare Earths;
- counterparty non-performance or claims under existing contractual arrangements;
- insolvency of counterparties (including customers);
- delays of projects with large associated capital spend, deferral of discretionary capital spend and impact on valuation of assets;
- disruptions to international trade resulting from policies developed by governments in response to COVID-19 or as a result of disputes or disagreements amongst governments on matters relating directly or indirectly to COVID-19.

## **Operational risks**

### **Rare earth prices**

Lynas' revenue is affected by market fluctuations in Rare Earth prices. This is because the product prices used in the majority of Lynas' sales are calculated by pricing formulae that reference published pricing for various Rare Earths materials. The market prices have been volatile in the past because they are influenced by numerous factors and events that are beyond the control of Lynas. These include:

- **Supply side factors:** Supply side factors are a significant influence on price volatility for Rare Earth materials. Supply of Rare Earth materials is dominated by Chinese producers. The Chinese Central Government regulates production via quotas and environmental standards. Over the past few years, there has been significant restructuring of the Chinese market in line with China Central government policy. However, periods of over supply or speculative trading of Rare Earths can lead to significant fluctuations in Rare Earth pricing.
- **Demand side factors:** Demand side factors are also a significant influence on price volatility for Rare Earth materials. Demand for end-products that utilise Lynas' Rare Earths including internal combustion vehicles, hybrid vehicles, electric vehicles and electronic devices fluctuates due to factors including global economic trends, regulatory developments and consumer trends.
- **Geopolitical Factors:** Recently Rare Earths have been the focus of significant attention, including as a result of the recent trade tensions between the US and China.

Strong Rare Earth prices, as well as real or perceived disruptions in supply, may create economic incentives to identify or create alternate technologies that ultimately could depress future long-term demand for Rare Earths. This may, at the same time, incentivise the development of additional mining properties to produce Rare Earths. If industries reduce their reliance on Rare Earth products, the resulting change in demand could have a material adverse effect on Lynas' business. In particular, if prices or demand for Rare Earths were to decline, this could impair Lynas' ability to obtain financing for current or additional projects and its ability to find purchasers for its products at prices acceptable to Lynas.

It is impossible to predict future Rare Earths price movements with certainty. Any sustained low Rare Earths prices or further declines in the prices of Rare Earths, including as a result of periods of over-supply and/or speculative trading of Rare Earths, will adversely affect Lynas' business, results of operations and its ability to finance planned capital expenditures, including development projects.

### **Market competition**

Lynas' Rare Earths supply contracts and profits may be adversely affected by the introduction of new mining and separation facilities and any increase in competition in the global Rare Earths market, either of which could increase the global supply of Rare Earths and thereby potentially lower prices.

### **Exchange rates**

Lynas is exposed to fluctuations in the US dollar as all sales are denominated in US dollars. Lynas borrows money and holds a portion of cash in US dollars, which provides Lynas with a partial natural hedge. Accordingly, Lynas' income from customers, and the value of its business, will be affected by fluctuations in the rate by which the US dollar is exchanged with the Chinese Renminbi and the Australian dollar. Lynas is exposed to fluctuations in the Malaysian ringgit (**MYR**), which is the currency that dominates Lynas' cash operating outflows. In addition, most of Lynas' non-current assets are its Malaysia assets which are denominated in MYR. Adverse movements in the Australian dollar against the US dollar and the MYR may have an adverse impact on Lynas' financial position and operating results. In-China market prices for Rare Earths are denominated in the Chinese Renminbi. In addition, a devaluation in the Chinese Renminbi would increase attractiveness in Chinese exports and China's internal supply. Fluctuation in the Chinese Renminbi against the US dollar therefore also increases the foreign exchange exposure on Lynas.

### **Operational and development risks**

Lynas' operations and development activities could be affected by various unforeseen events and circumstances, such as hazards in exploration, the ability of third parties to meet their commitments in accordance with contractual arrangements, the realisation of tonnages and grades of ore and performance of processing facilities against design specification. Factors such as these may result in increased costs, lower production levels and, following on from that, lower revenue levels. Any negative outcomes flowing from these operational risks could have an adverse effect on Lynas' business, financial condition, profitability and performance.

# Key Risks (cont'd)

## Nature of mining

Mineral mining involves risks, which even with a combination of experience, knowledge and careful evaluation may not be able to be fully mitigated. Mining operations are subject to hazards normally encountered in exploration and mining. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment, which may cause a material adverse impact on Lynas' operations and its financial results. Projects may not proceed to plan with potential for delay in the timing of targeted output, and Lynas may not achieve the level of targeted mining output. Mining output levels may also be affected by factors beyond Lynas' control.

## Mineral resources and ore reserves

No assurance can be given that the anticipated tonnages and grades of ore will be achieved during production or that the anticipated level of recovery will be realised. Mineral resource and ore reserve estimates are based upon estimates made by Lynas personnel and independent consultants. Estimates are inherently uncertain and are based on geological interpretations and inferences drawn from drilling results and sampling analyses. There is no certainty that any mineral resources or ore reserves identified by Lynas will be realised, that any anticipated level of recovery of minerals will be realised, or that an identified ore reserve or mineral resource will be a commercially mineable (or viable) deposit which can be legally and economically exploited. Further, the grade of mineralisation which may ultimately be mined may differ materially from what is estimated. The quantity and resulting valuation of ore reserves and mineral resources may also vary depending on, amongst others, metal prices, cut-off grades and estimates of future operating costs (which may be inaccurate). Production can be affected by many factors. Any material change in the quantity of ore resources, mineral reserves, grade, or stripping ratio may affect the economic viability of any project undertaken by Lynas. Lynas' estimated mineral resources and ore reserves should not be interpreted as assurances of commercial viability or potential or of the profitability of any future operations. Lynas cannot be certain that its mineral resource and ore reserve estimates are accurate and cannot guarantee that it will recover the expected quantities of metals. Future production could differ dramatically from such estimates for the following reasons:

- actual mineralisation or Rare Earth grade could be different from those predicted by drilling, sampling, feasibility or technical reports;
- increases in the capital or operating costs of the mine;
- decreases in rare earth oxide prices;
- changes in the life-of-mine plan;
- the grade of Rare Earths may vary over the life of a Lynas project and Lynas cannot give any assurances that any particular mineral reserve estimate will ultimately be recovered; or
- metallurgical performance could differ from forecast.

The occurrence of any of these events may cause Lynas to adjust its mineral resource and reserve estimates or change its mining plans. This could negatively affect Lynas' financial condition and results of operations. Moreover, short-term factors, such as the need for additional development of any Lynas project or the processing of new or different grades, may adversely affect Lynas. As a result, investors are cautioned not to place undue reliance on any estimates made by Lynas.

## Processing operations

Lynas' operations are subject to the operating risks associated with Rare Earth processing, including performance of processing facilities against design specification, and the related risks associated with storage and transportation of raw materials, products and residues. These operating risks have the potential to cause personal injury, property damage and environmental contamination, and may result in the shutdown of affected facilities and in business interruption and the imposition of civil or criminal penalties, and negatively impact the reputation of Lynas. The hazards associated with Lynas' mining and processing operations and the related storage and transportation of products and residues include:

- pipeline and storage tank leaks and ruptures;
- explosions and fires;
- mechanical failures;
- chemical spills and other discharges or releases of toxic or hazardous substances or gases; and
- residue storage and tailings dam failures.

These hazards may cause personal injury and loss of life, damage to property and contamination of the environment, which may result in suspension of operations and the imposition of civil or criminal penalties, including fines, expenses for remediation and claims brought by governmental entities or third parties. Although Lynas has detailed and closely managed plans to mitigate these risks and maintains property, business interruption and casualty insurance of types and in the amounts that it believes is customary for its industry, Lynas is not fully insured against all potential hazards incidental to its businesses.

## Availability of key inputs, including Water

The Mt Weld Mine and Concentration Plant and the Lynas Malaysia Plant rely on the ready availability of key inputs, including chemical reagents, water, electricity and gas. Any inability of Lynas to obtain such inputs in sufficient quantities on a timely basis could materially adversely affect Lynas' operations. For example, the insolvency of key suppliers may adversely affect the availability of chemical reagents. In addition, the water supply to the Mt Weld Mine and Concentration Plant is primarily sourced from a local aquifer supplemented by recycling, and the water supply to the Lynas Malaysia Plant is primarily sourced from the local Kuantan water supply infrastructure, supplemented by recycling. Reductions in water availability from those sources, for example due to changes in weather patterns or failures of infrastructure, could materially adversely affect the availability of water to the Lynas operations.

## Supply Chain and counterparty risk

Lynas is dependent on contractors and suppliers to supply vital goods and services to its operations, including for the supply of chemicals and other materials. Lynas is therefore exposed to the possibility of adverse developments in the business environments of its contractors and suppliers, including in respect of the ability of those contractors and suppliers to meet their commitments under sales contracts. Any disruption to services or supplies may have an adverse effect on Lynas' financial business and financial condition.

## Reliance on key personnel

Lynas' execution capacity is substantially attributable to the role played by a group of its senior management and key employees. Lynas' future success depends significantly on the full involvement of these key executives and employees and its ability to continue to retain and recruit high-level personnel. The loss of key employees could significantly affect Lynas' operations. In addition, industrial and labour disputes, work stoppages and accidents, and logistical and engineering difficulties may also have an adverse effect on Lynas' profitability and share price.

## Customer risks

Lynas' revenue is dependent on continuing sales to its key customers, many of whom require delivery to specific timetables of products that comply with detailed specifications. The loss of key customers could significantly affect Lynas' business, for example due to disputes with customers, customers switching to other suppliers or technologies, or customer businesses being adversely affected by events outside the control of Lynas, including customer insolvency or declining markets for the end-products of customers.

## Industry Trends, including Changes in Technology

Changes in technology, including switches to renewable energy sources, present both opportunities and risks to the Lynas business. As technologies and consumer trends continue to evolve, new competing technologies may emerge that may reduce demand for Lynas Rare Earth products. Any significant trends away from technologies that utilise Lynas Rare Earths products could materially adversely affect the Lynas business.

## Project Development risks

Lynas is undertaking significant and complex construction projects, primarily related to the new Lynas Cracking & Leaching facility in Kalgoorlie. Construction projects are subject to numerous risks, many of which are outside the control of Lynas, including delays in project approvals, project delays and cost overruns, disputes with contractors, insolvency of contractors, problems with design, delays in commissioning or ramp-up and new facilities not performing in accordance with expectations. In May 2019, Lynas entered into a Memorandum of Understanding with Blue Line Corporation for a joint venture to develop Rare Earths separation capacity in the United States. On 22 April 2020, Lynas announced that it had signed a contract with the U.S. Department of Defense to begin Phase 1 work on a U.S. based Heavy Rare Earth separation facility. The Phase 1 funding provided by the U.S. Department of Defense will allow Lynas and Blue Line Corporation to complete a detailed market and strategy study plus detailed planning and design work for the construction of a Heavy Rare Earth separation facility. Any disagreement with Blue Line Corporation, including in relation to how the separation facility should be developed, operate efficiently, and/or the potential inability of Blue Line Corporation to meet its financial or other joint venture commitments may have a negative impact on Lynas' future business, operating and financial performance and results, and/or the value of its underlying assets.

# Key Risks (cont'd)

## Data and cyber security risks

Lynas may be subject to network and systems interference from a number of sources, such as cyber-attacks, security breaches or system defects, which could result in commercial, financial, health and safety, environmental or reputational impacts. The potential consequences of such interference include production downtime, operational delays, destruction or corruption of data, disclosure of commercially sensitive information and data breaches. While Lynas has disaster recovery and business continuity plans in place, such interference could have a material impact on Lynas' business, operations or financial condition and performance.

## Corporate culture and business conduct

Corporate culture can greatly influence individual and group behaviours. The behaviours that could expose Lynas to conduct risk include but are not limited to:

- Delays in appropriately escalating regulatory and compliance issues;
- Failure to resolve issues in a timely manner; and
- Failure to deliver on product and service commitments.

If Lynas' conduct and ethics related controls, frameworks and practices were to fail significantly, be set inappropriately, or not meet legal, regulatory, or community expectations, then Lynas may be exposed to reputational damage through fines, regulatory intervention or investigation, temporary or permanent loss of licenses, litigation and/or permanent loss of business.

## Regulatory, legal and environmental risks

### General regulatory risks

Lynas' business is subject, in each of the countries in which Lynas operates and sells its Rare Earths, to various national and local laws and regulations relating to the mining, production, marketing, pricing, transportation and storage of Lynas' products and residues. A change in the legislative and administrative regimes, taxation laws, interest rates, and other legal and government policies may have an adverse effect on the assets, operations and ultimately the financial performance of Lynas and the market price of Lynas shares. Other changes in the regulatory environment (including applicable accounting standards) may have a material adverse effect on the carrying value of material assets or otherwise have a material adverse effect on Lynas' business and financial condition.

### Licences, permits, approvals, consents and authorisations

Lynas' mining and production activities are dependent on the granting and maintenance of appropriate licences, permits, approvals, and regulatory consents and authorisations (including those related to interests in mining tenements and those related to the operation of the Lynas plants in Australia and Malaysia), which may not be granted or may be withdrawn or be made subject to limitations at the discretion of government or regulatory authorities. Although such licences, permits, approvals and regulatory consents and authorisations may be granted, continued or renewed (as the case may be), there can be no assurance that such licences, permits, approvals and regulatory consents and authorisations will be granted, continued or renewed as a matter of course, or as to the terms of renewals or grants, including that new conditions, or new interpretations of existing conditions, will not be imposed in connection therewith. Whether such licences, permits, approvals and regulatory consents and authorisations may be granted, continued or renewed (as the case may be) often depends on Lynas being successful in obtaining the required statutory approvals for proposed activities. If there is a failure to obtain or retain the appropriate licences, permits, approvals and regulatory consents and authorisations, or if there is a material delay in obtaining or renewing them or they are granted subject to onerous conditions or withdrawn, then Lynas' ability to conduct its mining and production activities may be adversely affected.

### Political risks and government actions

Lynas' operations could be affected by government actions in Australia, Malaysia and other countries or jurisdictions in which it operates and sells its Rare Earths. Lynas is subject to the risk that it may not be able to carry out its operations as it intends, including because of a change in government, legislation, guidelines, regulation or policy, including in relation to the environment, the Rare Earths sector, competition policy, native title and cultural heritage. Such changes could affect land access, the granting of licenses and other tenements, the approval of developments and freedom to conduct operations.

The possible extent of introduction of additional legislation, regulations, guidelines or amendments to existing legislation that might affect Lynas' business is difficult to predict. Any such government action may require increased capital or operating expenditures and could prevent or delay certain operations by Lynas, which could have a material adverse effect on Lynas' business and financial condition. Lynas

also may not be able to ensure the security of its assets located outside Australia, and is subject to risks of, among other things, loss of revenue, property and equipment as a result of hazards such as expropriation, war, insurrection and acts of terrorism and other political risks and increases in taxes and government royalties. The effects of these factors are difficult to predict and any combination of one or other of the above may have a material adverse effect on Lynas' business and financial position. Recent changes of governments in Malaysia created additional political focus on Lynas, which creates additional risks for the business. In order to continue operating the business as currently projected, Lynas will need to continue to receive new licences, renewals of existing licences and variations of the terms of existing licences. Examples may include increases to concentrate import and processing volumes, additional residue storage approvals and periodic renewals of licences. Such amendments would require approval from the relevant regulatory authorities acting in accordance with government policy and licence conditions.

### Malaysian regulatory matters

Without limiting the generality of the risks specified above in this section, as announced on 27 February 2020, the Malaysian Atomic Energy Licensing Board (AELB) has renewed the operating licence for the Lynas Malaysia Plant for three years expiring March 2023, subject to the following key conditions:

- Lynas to begin the process of developing the Permanent Disposal Facility (PDF) within the first year from the date of approval of the licence.
- Lynas must submit a work development plan for the construction of the PDF and report on its development status as determined by the AELB.
- Lynas must ensure that the Cracking and Leaching plant outside Malaysia is in operation before July 2023. After that period, Lynas will no longer be allowed to import raw materials containing Naturally Occurring Radioactive Material (NORM) into Malaysia.
- Holding of a financial deposit will be maintained for compliance with the relevant licence conditions.

To the extent that Lynas does not, or is not able to, comply with relevant licence conditions including the key conditions specified above, and/or comply with licence conditions within the timeframes prescribed, then Lynas' licences and approvals may be revoked. Government action, including legal action, may be also taken by or at the direction of the Malaysian government in order to ensure that the terms and conditions of Lynas' licences and approvals are complied with to levels satisfactory to, and within the timeframes prescribed by, the Malaysian government.

### Environmental risks

Lynas' activities are subject to extensive laws and regulations controlling not only the mining of, exploration for and processing of Rare Earths, but also the possible effects of such activities upon the environment and interests of local communities. In the context of obtaining environmental permits, including the approval of reclamation plans, Lynas must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. With increasingly heightened government and public sensitivity to environmental sustainability, environmental regulation is becoming more stringent, and Lynas could be subject to increasing environmental responsibility and liability, including laws and regulations dealing with air quality, water and noise pollution and other discharges of materials into the environment, plant and wildlife protection, the reclamation and restoration of certain of its properties, greenhouse gas emissions, the storage, treatment and disposal of residues and the effects of its business on the water table and groundwater quality. Sanctions for non-compliance with these laws and regulations may include administrative, civil and criminal penalties, revocation of permits and corrective action orders. These laws sometimes apply retroactively. In addition, a party can be liable for environmental damage without regard to that party's negligence or fault. Lynas may thus be exposed to litigation and foreseen and unforeseen compliance and rehabilitation costs despite its best efforts.

### Climate change risks

Climate change and the rapidly evolving response to it may lead to a number of risks, including but not limited to:

- Increased political, policy and legal risks (e.g. the introduction of regulatory changes aimed at reducing the impact of, or addressing climate change, including reducing or limiting carbon emissions);
- Increased capital and operational costs, including increased costs of inputs and raw materials; and
- Technological change and reputational risks associated with Lynas' conduct.

Climate change may also result in more extreme weather events and physical impacts on Lynas due to the energy intensive nature of Lynas' operations, and Lynas' reliance on fossil fuels for mining and processing activities.

# Key Risks (cont'd)

## **Disposal of Residues**

At the Mt Weld Mine and Concentration Plant, the Lynas Malaysia Plant, and the new proposed Lynas Kalgoorlie Rare Earths Processing Facility, Lynas operations generate/will generate residue materials in the form of solids, liquids and gases. Lynas has appropriate plans in place for the treatment, sale or disposal each of those residues. Failure to implement those plans could have a material effect on Lynas' licensing conditions and may adversely affect its operations.

## **Community acceptance and reputation**

Lynas recognises that a satisfactory mutual relationship with each community in which it operates is a pre-condition to successful operations. Failure to maintain those relationships and the acceptance by those communities may have an adverse effect on Lynas' operations. In addition, Lynas recognises the importance of maintaining its reputation with all of its stakeholders including shareholders, regulatory authorities, communities, customers and suppliers and other parties who have an interest in Lynas' operations. Failure to maintain its reputation with some or all of its stakeholders, for example by not adequately engaging with or considering the views of those stakeholders, may have a negative impact on the future performance or reputation of Lynas.

## **Legal action**

As announced on 17 January 2020, a judicial review application has been lodged in Malaysia challenging the processes followed during the August 2019 renewal of the Lynas Malaysia operating licence. The hearing of that judicial review application is scheduled for 19 October 2020. While Lynas has been successful in defending several similar judicial review applications in the past, any adverse court findings could materially adversely affect the ability of Lynas to operate its Malaysian plant in its current form. In addition, it is possible that in the future, Lynas could be exposed to other litigation or proceedings, either from shareholders, financiers, regulators or members of the communities in which Lynas operates.

## **Health and safety**

Lynas is subject to extensive laws and regulation in Malaysia and Australia in respect of the health and safety of its people and communities, and the protection and rehabilitation of the environments within which it operates. Lynas must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the implementation of the regulations by the permitting authority.

## **Tax and Royalty risks**

Lynas is subject to taxation and other imposts in Australia, Malaysia and other countries or jurisdictions in which it operates and sells its Rare Earths. In addition to the normal level of income tax imposed on all industries, companies in the resources sector are required to pay government royalties, direct and indirect taxes and other imposts. The profitability of companies in these industries can be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Lynas operates and sells its Rare Earths, may impact the tax liabilities of Lynas.

## **Financial risks**

### **Debt facilities and covenants**

Lynas has financing arrangements in place which are subject to acceleration and enforcement rights in the event a default were to arise under them. The Japan Australia Rare Earths B.V. (**JARE**) loan facility has been secured over all the assets of Lynas, other than Malawi assets. Pursuant to the amendments announced on June 27, 2019, JARE has released the following securities: (i) Deed of Charge - All Assets (Malaysia) and (ii) Malaysian Real Property Mortgage. Enforcement may involve enforcement of security over the assets of Lynas and its material subsidiaries, including appointing a receiver. The principal amount of the JARE facility was US\$145m as at June 30, 2020. The principal amount will be due for repayment in fixed loan repayments between December 31, 2021 and June 30, 2030. Please refer to Lynas' ASX announcement on 13 August 2020 regarding JARE's revised payment schedule and deferred interest payments.

In the event significant uncertainty arises in relation to Lynas' ability to fully repay, refinance or reschedule the outstanding balance of the JARE loan facility by its respective maturity date of June 30, 2030, Lynas' ability to continue as a going concern may also be affected. In addition, Lynas' existing debt facilities are subject to a range of covenants. A failure to comply with any of these debt covenants may require

Lynas to seek amendments, waivers of covenant compliance or alternative borrowing arrangements. There is no assurance that its lenders would consent to such an amendment or waiver in the event of non-compliance, or that such consent would not be conditional upon the receipt of a cash payment, revised payout terms, increased interest rates, or restrictions in the expansion of debt facilities in the foreseeable future, or that its lenders would not exercise rights that would be available to them, including among other things, calling an event of default and demanding immediate payment of outstanding borrowings. If such a demand was made and appropriate forbearance or refinance arrangements could not be reached, Lynas may not have sufficient available funds to meet that demand.

### **Funding risk**

Lynas' existing debt facility agreements restrict its ability to incur further debt except in certain circumstances. Should Lynas experience a protracted decline in earnings, there is a possibility that the quantum of debt and/or equity funding available to Lynas would not be sufficient to execute its strategy (including its development of large-scale projects) which could have a negative impact on the future financial performance or position of Lynas.

### **General risks**

#### **General economic conditions**

Lynas' operating performance and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates, exchange rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates or decrease in consumer and business demand, could be expected to have an adverse impact on Lynas' business, results of operations or financial condition and performance.

#### **General investment risks**

There are general risks associated with investments in equity securities. No assurances can be given that the New Shares will trade at or above the price at which they are issued. None of Lynas, its directors or any other person guarantees the market performance of the New Shares or of Lynas. The trading price of shares in Lynas may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the price at which they are issued. Generally applicable factors which may affect the market price of Lynas shares (and over which Lynas and its directors have limited or no control) include:

- the impact of COVID-19 (or other pandemics or epidemics), and the measures taken to control their spread, including on the health of the workforce, and customers and impact on supply chains;
- general movements in Australian and international stock markets;
- investor sentiment and the demand for ASX-listed securities generally, and the risk of contagion;
- Australian and international economic conditions and outlook, including aggregate investment and economic output, employment levels and labour costs, commodity prices, inflation, interest rates, and exchange rates;
- changes in interest rates and the rate of inflation;
- changes in exchange rates, Rare Earths prices, employment levels and consumer demand;
- changes in government legislation, regulation and policies, including fiscal, regulatory, trade and monetary policies and tax laws;
- announcement of new technologies and displacement of existing technologies;
- natural disasters, extreme weather events and catastrophes;
- geo-political instability, including international hostilities and acts of terrorism;
- demand for and supply of Lynas shares;
- announcements and results of competitors; and
- the expectations of securities analysts and analysts' reports.

It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress or existing risks may manifest themselves in ways that are not currently foreseeable. There have been in recent months, and may be in the future, significant fluctuations and volatility in the prices of equity securities. In particular, the COVID-19 pandemic, and the continuing uncertainty as to its future impact on the Australian and global economies, has contributed to significant market falls and volatility, and could materially adversely impact the market price of the New Shares.

# Key Risks (cont'd)

## Volatility and liquidity risk

While Lynas shares are currently listed on ASX, there is no guarantee that there will at all times be sufficient buyers of shares to enable shareholders to dispose of Lynas shares in a timely manner at a price that the shareholder may have expected to achieve. The price of shares may go up and down by a material amount, even over a short period of time. No assurance can be given that the New Shares will trade at or above the Offer Price or that there will be an active market in Lynas shares. None of Lynas, its directors nor any other person guarantees the performance of the New Shares.

## Equity raising risk

Lynas has entered into an underwriting agreement with the Underwriters under which the Underwriters have agreed to fully underwrite the Placement and Entitlement Offer, subject to the terms and conditions of that agreement (**Underwriting Agreement**). If certain conditions are not satisfied or certain events occur, then each Underwriter may terminate the Underwriting Agreement. The events which may trigger termination of the Underwriting Agreement include (but are not limited to):

- ASX announces that the Lynas will be removed from the official list or that any New Shares will be delisted or suspended from quotation by ASX for any reason.
- The S&P/ASX 200 Index closes 10% (or more) below the level of the relevant index prior to entry into the Underwriting Agreement (**Base Level**) on any date after entry into this Underwriting Agreement until the first settlement date (expected to be Tuesday, 25 August 2020) (**First Settlement Date**).
- At any time after the First Settlement Date up until 5.00pm on the second settlement date (expected to be Friday, 11 September 2020) (**Second Settlement Date**) the S&P/ASX 200 Index has, either closed at a level that is 12.5% (or more) below the Base Level, and the index has remained at or below 12.5% under the Base Level on two consecutive trading days, or closed at a level that is 12.5% (or more) below the Base Level and remained at or below 12.5% under the Base Level as at the most recent close prior to the Second Settlement Date or at the close of any business day during the Second Settlement Date.
- ASX does not agree to grant official quotation of all the New Shares on an unconditional basis.
- A statement contained in the Offer materials is, becomes or is likely to be misleading or deceptive (including by omission).
- Lynas withdraws the Offer or any component of it or indicates that it does not intend to or is unable to proceed with the Offer or any component of it.
- An insolvency event occurs.
- There is an adverse change (or an event occurs which is likely to give rise to an adverse change) in the position of Lynas from the position fairly disclosed by Lynas to ASX.
- A force majeure event occurs.
- Lynas or any of its directors or officers engage in any fraudulent conduct or activity whether or not in connection with the Offer.
- A director or senior manager of Lynas is charged with an indictable offence relating to financial or corporate matters or a director of Lynas is disqualified from managing a corporation.
- It becomes public (and is not withdrawn within 2 business days after it is made or is made within 2 Business Days of the First Settlement Date or the Second Settlement Date and is not withdrawn by 8:00am of the relevant Settlement) that:
  - ASIC issues or threatens to issue proceedings in relation to the Offer or commences any formal inquiry or investigation into the Offer (or announces its intention to do so).
  - there is an application to any government agency for any order, declaration or other remedy, or any other government agency commences any other investigation or hearing or announces its intention to do so, in each case in connection with the Offer;
  - ASIC or any other government agency commences or gives notice of an intention to commence a prosecution of Lynas or any director or employee of Lynas; or
  - ASIC or any other government agency commences or gives notice of an intention to commence a hearing or investigation into Lynas.
- Lynas is in breach of any terms and conditions of the Underwriting Agreement.
- A law or any new regulation is made or a new policy is adopted or official announcement is made that a law or new regulation will be introduced in Australia or any State or Territory of Australia, or a new policy will be adopted, other than any other than any law, regulation or policy which has been publicly announced by the Government of the Commonwealth of Australia or any State or Territory of Australia, or certain government agencies or authorities in Australia prior to entry into the Underwriting Agreement, any of which does or is likely to prohibit or regulate the Offer, capital markets or stock markets.
- There is a contravention by Lynas of law, or the offer does not comply with law, or Lynas is prevented from allotting and issuing the New Shares.
- There is a suspension or material limitation in trading of securities generally on ASX, HKEX, LSE or NYSE.

- In respect of any one or more of Australia, New Zealand, Malaysia, Japan, Hong Kong, the USA or the UK:
  - the relevant central banking authority declares a general moratorium or there is a material disruption in commercial banking or securities settlement or clearance services in any of those countries;
  - there is an adverse change or disruption to the existing financial markets, political or economic conditions;
  - hostilities not existing at the date of Underwriting Agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not);
  - a state of emergency is declared (other than as already declared prior to entry into the Underwriting Agreement); or
  - a significant terrorist attack is perpetrated.
- There is an unforeseen shut down of the Gebeng Industrial Park near Kuantan, Malaysia, the Mt Weld Mine or any other material site or project of Lynas occurs on or after the date of the Underwriting Agreement.
- In relation to Lynas' cracking and leaching project in Kalgoorlie (Kalgoorlie Project):
  - the Government of Western Australia revokes the "Lead Agency" status granted to the processing plant for the Kalgoorlie Project; or
  - the Australian Government revokes the "Major Project" status granted to the processing plant for the Kalgoorlie Project.

The termination of the Underwriting Agreement would have an adverse impact on the amount of funds raised under the Placement and Entitlement Offer and, if it were to occur, Lynas may need to take other steps to raise capital. The Underwriting Agreement contains representations, warranties, undertakings and indemnities in favour of the Underwriters, subject to certain carve outs. For details of the fees payable to the Underwriters, refer to the Appendix 3B released to the ASX on 17 August 2020.

## Foreign jurisdictions

For investors outside Australia, Australian law may operate differently from the laws of the jurisdiction in which those investors reside and laws may change from time to time, impacting the potential return on, and risks associated with, an investment in Lynas shares.

## Risks of dilution

Existing shareholders who do not participate in the Placement and who do not participate in or take up all of their entitlements under the Entitlement Offer will have their percentage security holding in Lynas shares diluted. Depending on the size of a shareholder's existing holding, a participating shareholder may still be diluted even though they participate in the Placement or the Entitlement Offer depending on the number of New Shares allocated to them. Investors may also have their investment diluted by any future capital raisings by Lynas.

## Dividends

The payment of any dividends in respect of Lynas' shares is affected by several factors, including covenants in the JARE loan facility, Lynas' profitability, retained earnings, ability to frank dividends, capital requirements and free cash flow. Any future dividends will be determined by Lynas' Board having regard to these factors, among others. There is no guarantee that any dividends will be paid by Lynas. If Lynas is unable to pay dividends the price of its shares may fall.

## Accounting Standards

Accounting standards may change. This may affect the reporting earnings of Lynas and its financial position from time to time. Lynas has previously and will continue to assess and disclose, when known, the effect of adopting new accounting standards in its periodic financial reporting.

## Adverse changes to tax laws may occur

Future changes in taxation laws in jurisdictions in which Lynas operates, including in interpretation or application of the law by the courts or taxation authorities, may affect the taxation treatment of an investment in Lynas shares or the holding or disposing of those shares. An investment in shares involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in Lynas.

For investors outside Australia, Australian tax law may operate differently from the laws of the jurisdiction in which those investors reside and tax and other laws may change from time to time, impacting the potential return on, and risks associated with, an investment in Lynas shares.

## Force majeure events

Events may occur within or outside Lynas' key markets that could impact upon the global economies and the operations of Lynas. The events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, cyclones, changes in weather patterns or other severe weather events, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on market conditions, the demand for Lynas' product offering and services and Lynas' ability to conduct business.

# Appendix C: International Offer Restrictions

# International Offer Restrictions

This document does not constitute an offer of new ordinary shares (**New Shares**) of Lynas Corporation Limited (**Company**) in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## **Bermuda**

No offer or invitation to subscribe for New Shares may be made to the public in Bermuda. No invitation is being made to persons resident in Bermuda for exchange control purposes to subscribe for New Shares.

## **Canada (British Columbia, Ontario and Quebec provinces)**

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the **Provinces**), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators. No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence. No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares. The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada. Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

## *Statutory rights of action for damages and rescission*

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser. The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "**Canadian financial institution**" or a "**Schedule III bank**" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered. Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of

any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

*Certain Canadian income tax considerations.* Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

## **European Union**

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

## **Hong Kong**

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## **Japan**

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the **FIEL**) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

# International Offer Restrictions (cont'd)

## Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, Schedules 5 and 6 of the Malaysian Capital Markets and Services Act.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMCA**).

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMCA;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMCA;
- is large within the meaning of clause 39 of Schedule 1 of the FMCA;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMCA; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMCA (and, if an eligible investor, have provided the necessary certification).

## Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or

authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (**FINMA**).

## United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Shares have been approved by the Securities and Commodities Authority (**SCA**) or any other authority in the UAE.

This document may be distributed in the UAE only to "qualified investors" (as defined in the SCA Board of Directors' Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

## United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

## United States

This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The securities referred to in this Presentation have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States, unless those securities have been registered under the U.S. Securities Act (which the Company has no obligation to do) or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

The securities to be offered and sold in the Placement and Entitlement Offer may be offered and sold only (a) in the United States, (1) to persons that are "qualified institutional buyers", as defined in Rule 144A under the U.S. Securities Act, in transactions exempt from the registration requirements of the U.S. Securities Act, or (2) to dealers or other professional fiduciaries organised or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not "U.S. persons" (as defined in Rule 902(k) of the U.S. Securities Act) for which they have, and are exercising, investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S, in reliance on Regulation S; and (b) outside the United States in "offshore transactions" (as defined in Rule 902(h) under Regulation S under the U.S. Securities Act) in reliance on Regulation S.