

28 February 2019

## **LYNAS CORPORATION HALF YEAR 2019 RESULTS**

*Strong production positions the company for growth*

- Improved operating measures compared to prior corresponding period despite 1 month shutdown:
  - Sales volume grew by 5% to 9,428 tonnes
  - Total REO production grew by 9% to 9,642 tonnes
  - NdPr production grew by 5% to 2,802 tonnes
- Strong sales and cost management delivered solid financial performance in less favourable market conditions:
  - Revenue of \$179.8m (H1 2018: \$200.9m)
  - EBITDA of \$ 50.8m
  - EBITDA margin of 28.3%
  - EBIT of \$29.7m
  - NPAT of \$19m
- Cash flows from operating activities of \$41.2m (H1 2018: \$80.2m)
- \$35 million Lynas NEXT project substantially complete in Malaysia

Lynas Corporation Ltd (ASX:LYC, OTC:LYSDY) today released its Financial Report for the half year ending 31 December 2018 (H1 2019).

Lynas Corporation CEO and Managing Director, Amanda Lacaze, said: "This is a good result although we were faced with difficult regulatory and market conditions during the period. Our team delivered several key milestones including record REO sales volume and production, despite only being in production for 5 months of the half year. We proved Lynas NEXT production capacity by producing over 600 tonnes of NdPr in September and again in October. We also produced and sold our first separated Nd product. On a run rate basis, revenue was higher than in the prior corresponding period even with the low NdPr market price.

“The regulatory environment in Malaysia was very challenging through the half year. Despite this, we remained focused on business fundamentals, meeting the needs of our key customers and laying the foundations for further growth in our business.”

### **Production improvements continue**

Continued production improvements from Lynas NEXT initiatives were recorded in the half year ended 31 December 2018. NdPr production volumes increased to 2,802 tonnes and total REO increased to 9,642 tonnes during the period. The company also proved its capacity to sustain a production rate of 600 tonnes of NdPr per month by successfully delivering over 600 tonnes in both September and October 2018.

To support the delivery of increased NdPr production targets, Lynas commenced overburden removal for Mining Campaign 3 at Mt Weld in December.

During the half year the new Nd and Pr separation circuit was successfully commissioned and the first Nd was produced and sold. The first production of Pr was delivered early in the current quarter. These new products have been produced to meet customer demand and have been delivered in a cost effective way by virtue of excellent design and engineering work as part of Lynas NEXT.

Customer demand remained strong, particularly in the Japanese market, and this ensured positive cash inflows despite soft market prices for the half year ended 31 December 2018.

### **Malaysian Regulatory Environment**

As noted in the report for the quarter ending 31 December 2018, during the half year the Malaysian government appointed a Review Committee to evaluate Lynas Malaysia's operations. The Review Committee's report was released on 4 December 2018 and found Lynas Malaysia's operations are low risk and Lynas Malaysia is compliant with applicable laws.

Separately, on 4 December 2018, the Atomic Energy Licensing Board (AELB) issued a letter containing two new pre-conditions for Lynas' licence renewal on 2 September 2019. These conditions relate to the management of the 2 residues produced by Lynas operations in Malaysia.

On 14 February 2019, the Company announced it had agreed a pathway for the management of NUF, one of the solid residues produced at the Lynas Malaysia plant, following extensive consultation with the Malaysian government and regulators. The updated NUF action plan includes commercialisation options and a long term disposal solution.

Lynas has appealed the new condition related to the management of WLP, which is the other solid residue produced at the plant. The company is engaged in ongoing discussions with the government to seek to resolve the remaining issues related to WLP.

### **Auditor Review Report**

The Directors consider it appropriate to prepare the financial statements on a going concern basis after having regard to matters related to the regulatory environment in Malaysia. These matters are detailed in Note 2.2 of the financial statements. However, in accordance with applicable accounting standards, the Auditor Review Report includes an Emphasis of Matter paragraph.

### **Outlook**

“Despite the various challenges in this first half, the production run rate was excellent and reflected the improvements delivered by the Lynas NEXT project. This provides a strong foundation for continued improvements in the second half of the year,” commented Amanda Lacaze.

### **About Lynas Corporation**

Lynas Corporation Ltd (ASX: LYC) is a proven and profitable producer of specialty Rare Earth materials. The company operates one of the world’s highest grade Rare Earth mines in Mt Weld, Western Australia, and a sustainable chemical processing operation, the Lynas Advanced Materials Plant (LAMP), in Gebeng, Malaysia. Lynas is the second largest producer of Neodymium-Praseodymium (NdPr) material in the world and the leading supplier of NdPr to the free market. For more information visit: [lynascorp.com](http://lynascorp.com) or watch our video: <https://www.youtube.com/watch?v=L4Gf8IEBb9s&feature=youtu.be>

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