

Lynas Corporation

Investor Presentation
September 2017



**SAFE FOR PEOPLE
SAFE FOR THE ENVIRONMENT
SECURE FOR CUSTOMERS**



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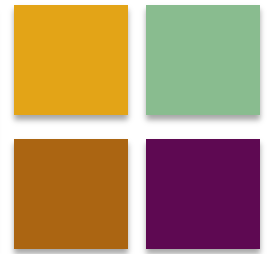
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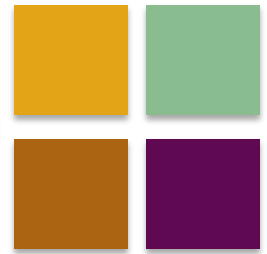
Introduction to Lynas



- Lynas mines and processes Rare Earth elements
 - Lynas mines Rare Earths and completes first stage processing at Mt Weld Western Australia
 - Concentrate is shipped to Malaysia where it is refined by separating the various RE elements
 - Sales are primarily to customers in Japan and China
 - Rare Earths are used in a variety of industries. The key end use segment for Lynas is the automotive industry.
- EXCHANGES: ASX (code LYC), OTC (code LYSDY)
- SHARES: 4,609m on issue
- MARKET CAP: A\$945m as at 18 Sept. 2017
- CASH: A\$63.9m (incl. restricted cash) as at 30 June 2017
- DEBT: US\$185m JARE facility as at 18 Sept. 2017
US\$162.2m Convertible Bond facility as at 18 Sept. 2017

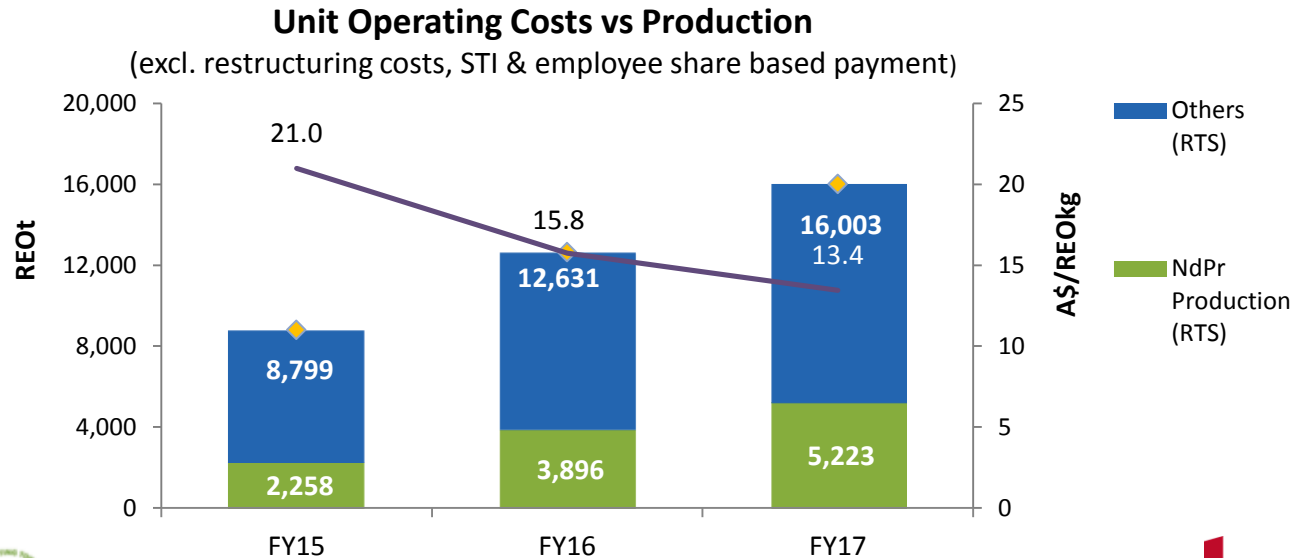
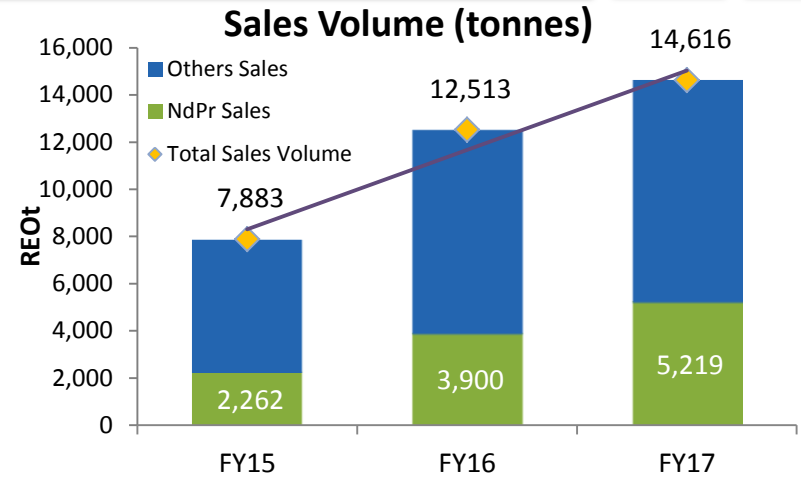
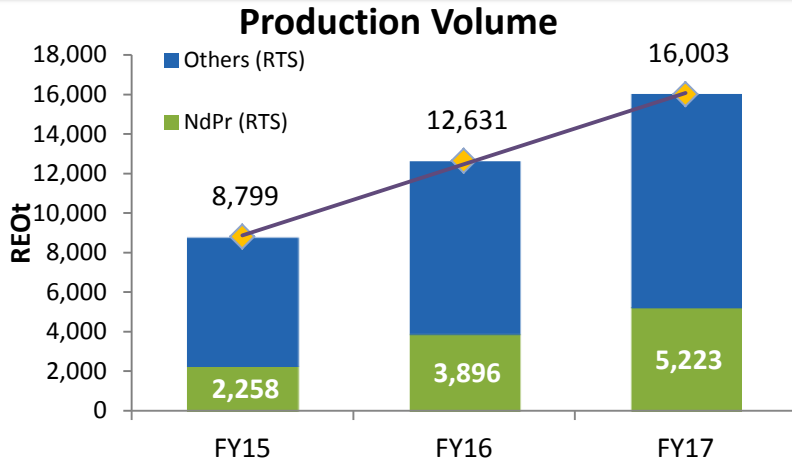
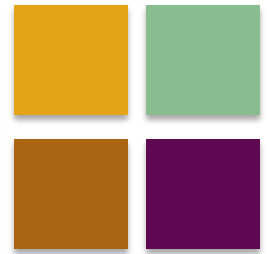


FY17 Highlights

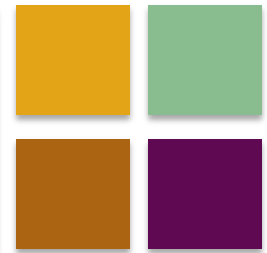


- Safe, stable, record production rates at the LAMP
- Safe and efficient operations at Mt Weld; 2nd mining campaign complete
- Record total sales revenue of \$264 million
- Positive adjusted EBITDA of \$31.9 million
- Positive cash flows of \$34.0 million from FY17 operating activities
- Further extension of both of Lynas' debt facilities until mid-2020
- Strengthened customer relationships in all markets
- Significant improvement in global rare earth market dynamics

Continuous improvement in NdPr and total production throughput leading to higher sales volume and lower unit costs

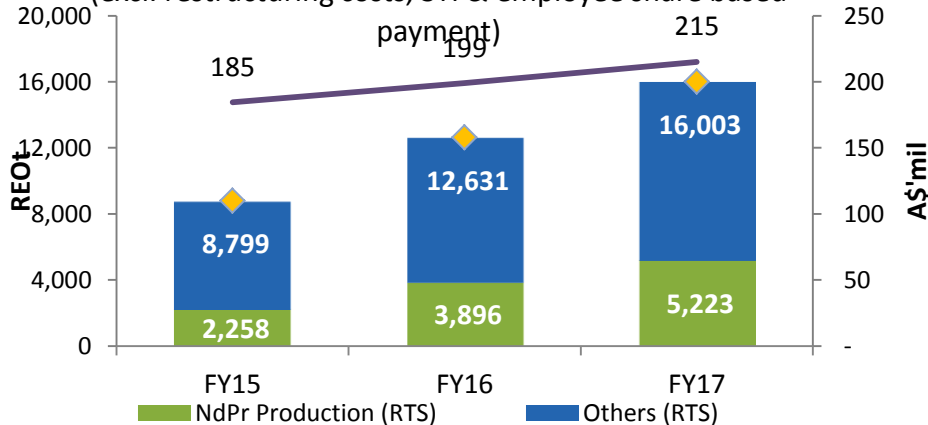


Stable operating costs, higher production rates, delivering positive operating and investing cashflow

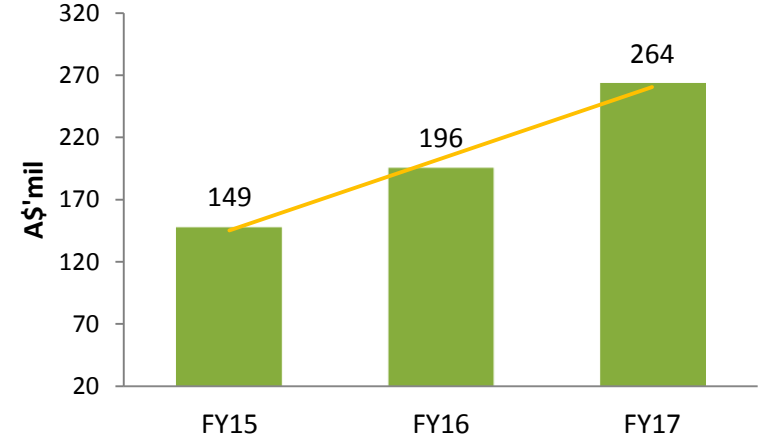


Total Operating Costs vs Production

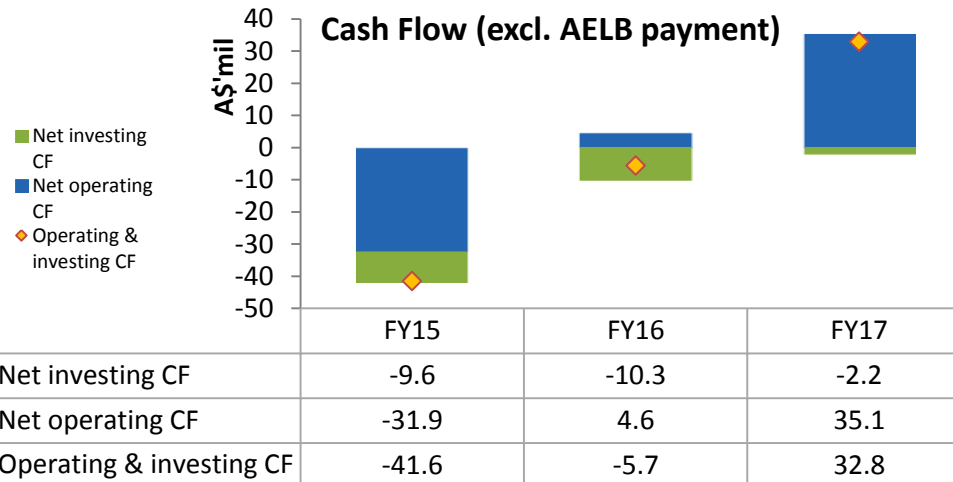
(excl. restructuring costs, STI & employee share based payment)



Sales Revenue (A\$'m)



Cash Flow (excl. AELB payment)



The Balance Sheet is being progressively de-leveraged



	Outstanding 31/12/16	Outstanding 18/9/17	Cash received by Lynas during 2017
Warrants at \$0.038 (1)	174,365,466	0	A\$ 6.6m
Warrants at \$0.05 (2)	348,843,836	273,648,609	A\$ 3.8m

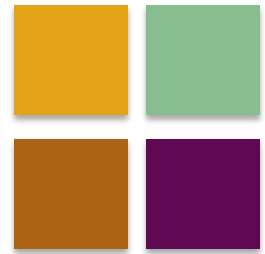
	Outstanding 31/12/16	Outstanding 18/9/17	Debt Reduced during 2017
JARE Facility (3)	US\$ 200,000,000	US\$ 185,000,000	US\$ 15m
Convertible Bonds (4)	US\$ 225,000,000	US\$ 162,166,667	US\$ 62.8m

- 1) Warrants exercisable at \$0.038 on or before 30 September 2018
- 2) Warrants exercisable at \$0.05 on or before 30 September 2020
- 3) In Aug 2017 restricted cash accounts were closed. JARE waived interest totalling US\$15m and this amount was applied as a US\$15m principal repayment under the JARE facility
- 4) 1.25% Convertible Bonds each with a face value of US\$1.00, due 30 September 2020 convertible at A\$ 0.10 per share with FX of 0.75.

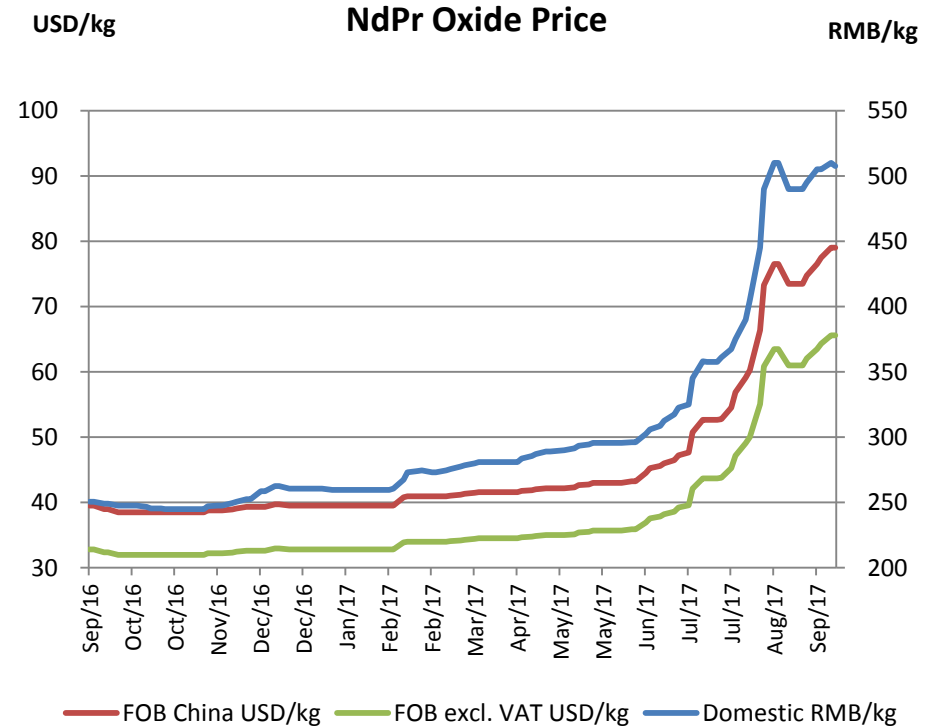
In Aug 2017, US\$62.8m of the Convertible Bond debt was converted into equity

NdPr price increased throughout 2H FY17

The trend has continued in mid September

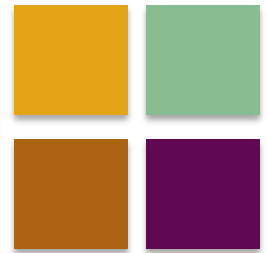


- China central government actions have contributed to improved market conditions
 - Mining and Production quotas inspected and enforced
 - Environmental audits to ensure compliance
 - Raw material audits to eliminate illegal supply
 - New and tougher environmental standards rumoured to start by end 2017
- Increasing communication regarding Automotive Electrification relying on RE



Source : Metal Pages, average of low and high price, 12-months rolling up to 14 Sep 2017

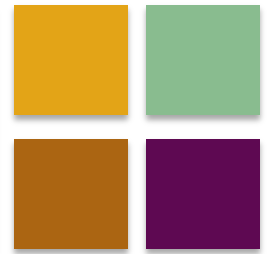
Rare Earth market growth is accelerating driven by magnets (NdPr)



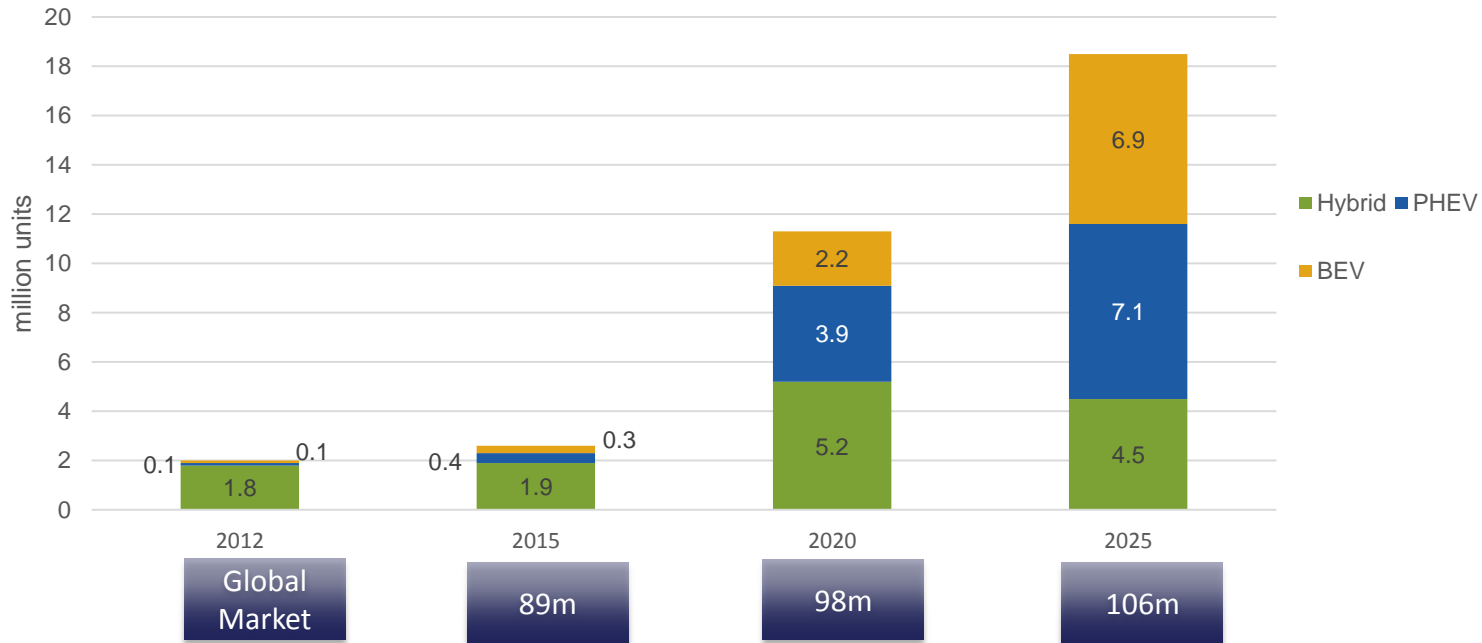
- Key uses for magnetic materials:
 - Cleaner energy production: Electric and hybrid vehicles, Wind turbines
 - Electronics
 - Automation/robotic applications
- The benefits of NdFeB magnets are well recognized and important; they are lighter and more energy efficient. However, alternative technologies exist.
 - Ferrite permanent magnet for small motors
 - Asynchronous motors for cars
 - Gear box with or without permanent magnets for wind turbines
- Breakeven points stand at 70 to 100USD/kg of NdPr oxide depending on applications. However, the market needs security of supply and relative price stability.

The market needs sustainable supply.
LYNAS can and will play a major role in supporting development
and adoption of new technologies.

Focus on electrification of vehicles

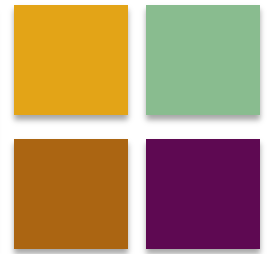


Hybrid, Plug Hybrid, Electrical Cars global production

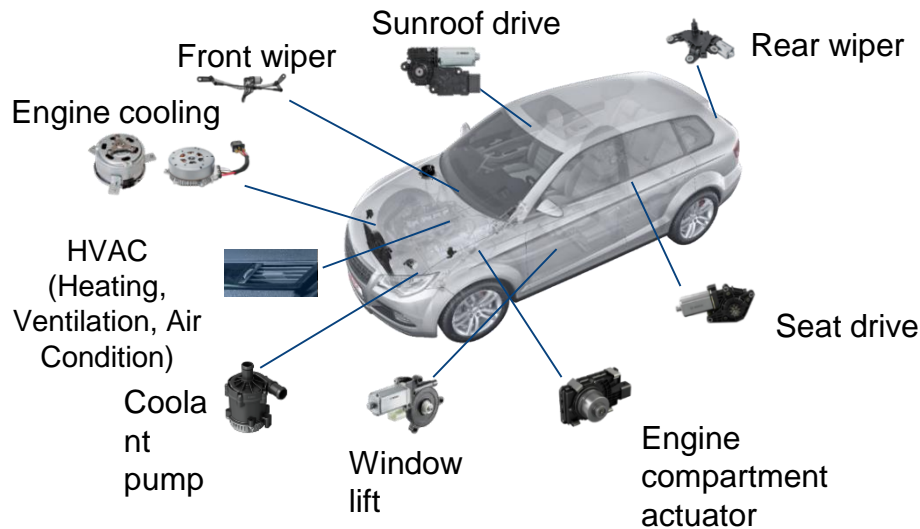


Requires a new LYNAS every 4 years!

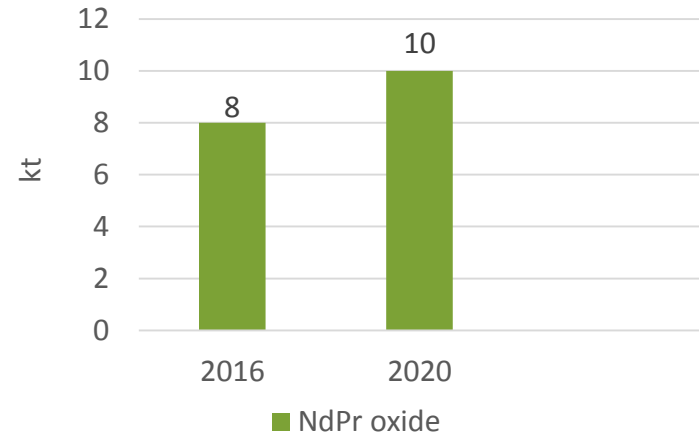
Small permanent magnets are used in various motors in cars



Traditional vehicles typically use 0.25kg magnets

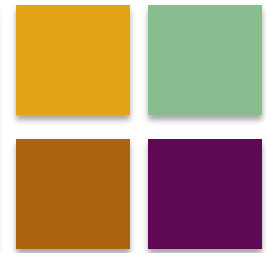


Growing NdPr requirement

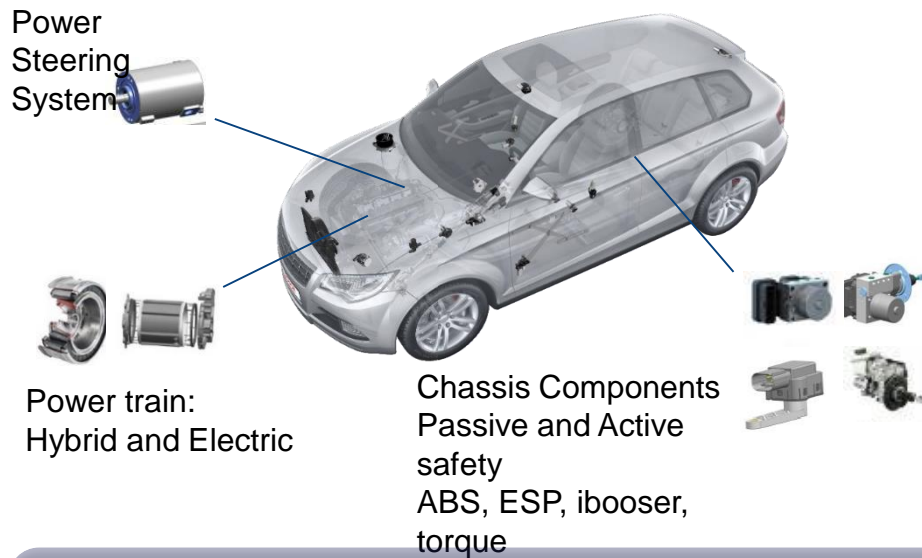


Competing technology: Ferrite magnets, twice as large, twice as heavy
Losing ground in new platforms

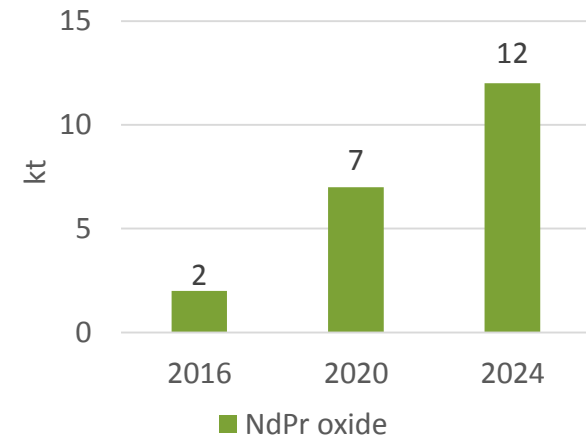
High power permanent magnet motors in e-cars will drive further growth



Typical usage: 2kg magnet

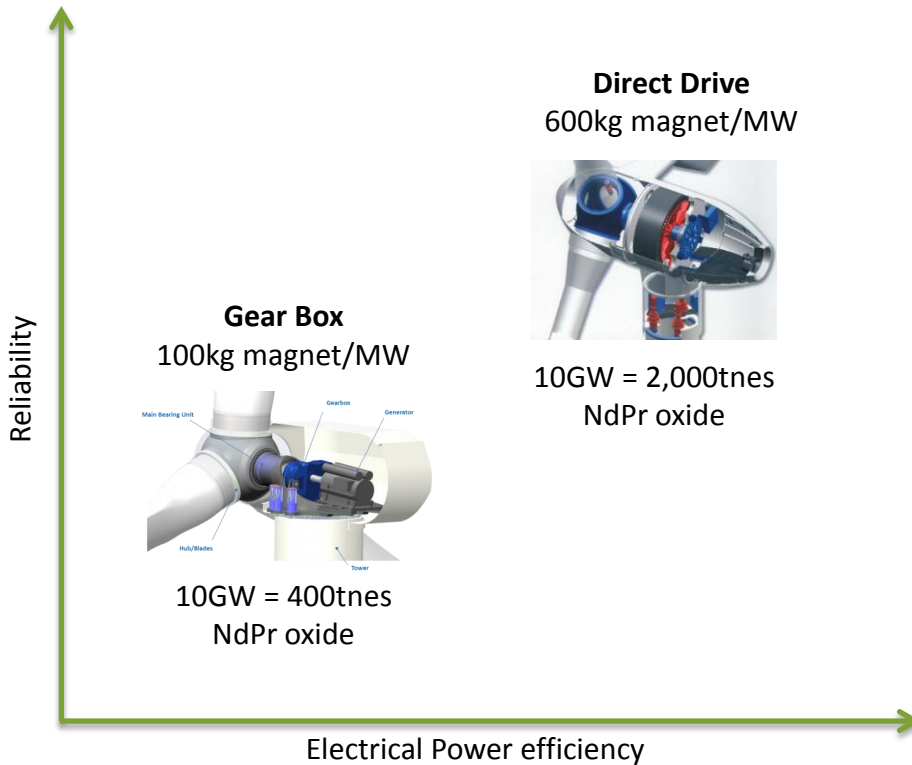
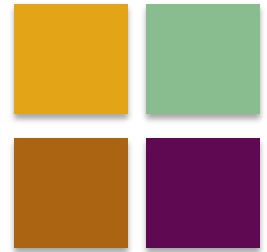


Growing NdPr requirement



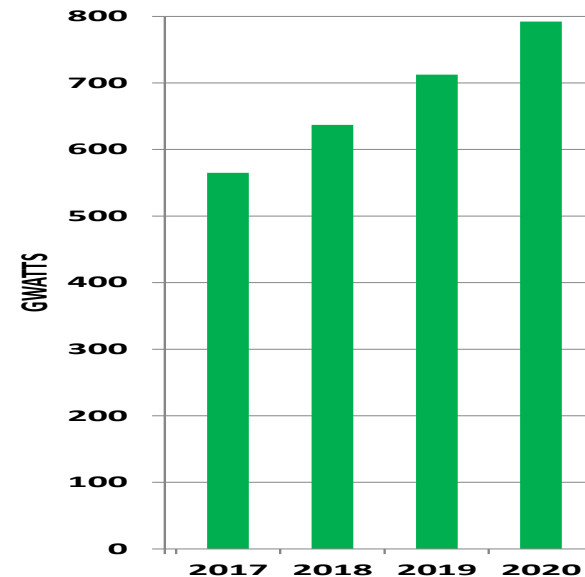
Competing technology: Non PM motors, less energy efficient, heavier = less autonomy or longer battery charge
Not the technology of choice especially for EV, PHEV

Wind turbine growth



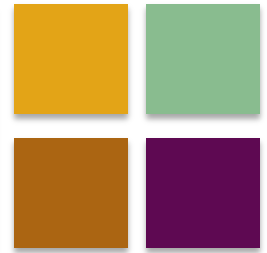
Windfarms installed capacity continues to grow

Source: GWEC



Wind turbines already consume around 2000tnes NdPr per annum. Future depends mainly on Direct Drive continuous market penetration

Magnet material supply chain



Engine cooling
Wipers
Sunroof drives
Heating/ventilation/air conditioning
Cooling pumps
Window lifts

Car makers
Appliances
Robots

Magnet

Component

System

End user



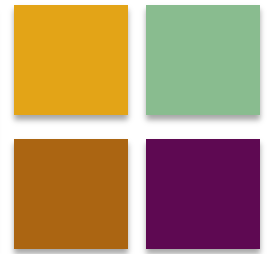
Motors
Generators
Actuators

Seat drives
Power steering
power trains
ABS/EPS
Motor compressors
Motion systems
Generator
Speakers
HDD

MRI
Wind turbines
Electronics



Rare earth material supply chain



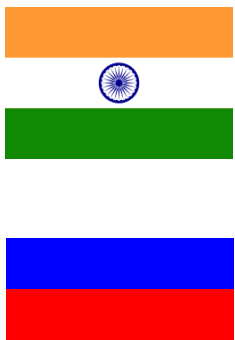
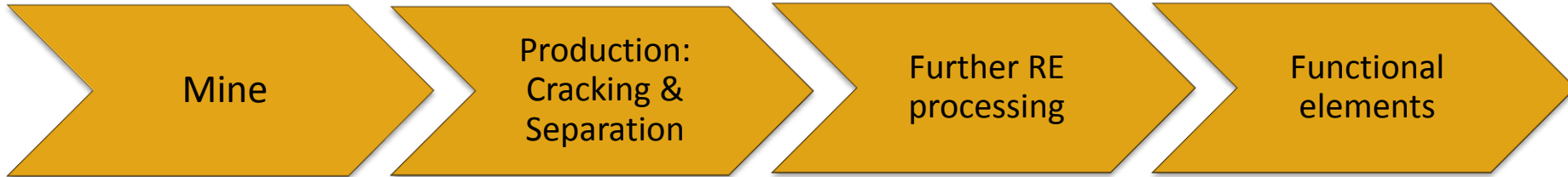
China: SOEs and independents
Lynas

Metal making – China, Vietnam & Thailand

Magnet makers – China, Japan & Germany

Alloy – China, Japan, Vietnam

NiMH batteries – China & Japan



Silmet
Indian RE

Mixed oxide making – France, Japan & China

Fluid catalytic cracking catalyst – USA, Europe & China

Other processing – China, France & Japan

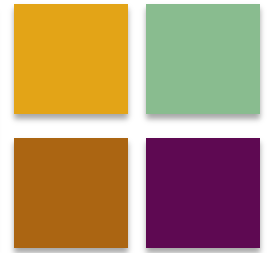
Automotive catalyst – UK, Europe, USA, Japan & China

Recycling: Magnet swarf, end of life magnet, phosphors – China, Japan

Phosphors (lighting) – China, Germany & USA



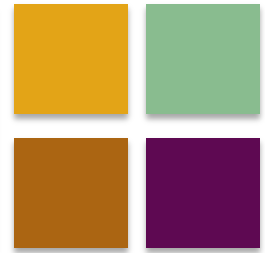
End users are sensitive to RE sustainability



- Life Cycle Assessment (LCA) is becoming an industry standard:
 - A growing number of end users are evaluating the environmental impact of the products they manufacture. This impact is evaluated including the environmental effects of raw materials used such as Rare Earth and other minerals.
- The Rare Earth industry has, at times, suffered from a bad reputation due to historical practices and legacy effects.
- Tools like LCA can:
 - assist to differentiate between producers, and
 - drive continuous improvement in environmental practices
- Responsible care is also becoming a standard in the chemical industry (Together For Sustainability in Europe).
- Obviously when making technology decisions which engage for decades, end users need to trust that their raw material supply and supplier is sustainable.

Being able to demonstrate the sustainability of its activity including a continuous improvement plan is becoming an essential selling attribute

Lynas leads the market in sustainability



Optimise your resource:
Lynas has, and continues to, optimise flotation techniques to continuously improve ore utilisation



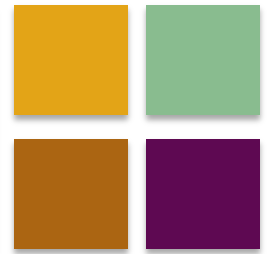
Preserve the environment:
Lynas prioritises the safety of people, the community and the environment and has implemented industry leading environmental solutions in all parts of its operation



Earning the trust of your customers and market:
Lynas is supporting technology adoption with key users and where relevant is implementing long term supply agreements

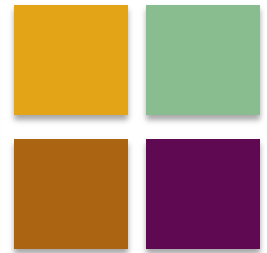


There are many opportunities to generate further growth in shareholder value



- **Greater financial yield from materials**
 - Improved recoveries and product quality
- **Improved throughput and production volume**
 - Demonstrated capability
- **Rare earths pricing**
 - Sustainable demand dynamics
 - Reduce risk by selectively entering into long term contracts
- **Reposition as specialty chemical company**
 - Promote rare earths technology and facilitate product innovation

Competent Person's Statement



COMPETENT PERSON'S STATEMENTS— MINERAL RESOURCES

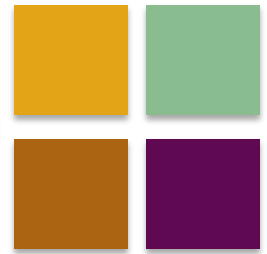
The Mineral Resources and Ore Reserves Statement in this Presentation is based on, and fairly represents, information compiled by Mr. Brendan Shand who is a consultant geologist to Lynas Corporation. Mr. Shand is a Member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Shand consents to the inclusion in the document of the information in the form and context in which it appears.

COMPETENT PERSON'S STATEMENTS— ORE RESERVES

The information in this Presentation which relates to the Central Lanthanide Deposit Ore Reserve estimate accurately reflects information prepared by Competent Persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The information in this document relating to the Central Lanthanide Deposit Ore Reserves at the Mt Weld Rare Earths Project is based on information resulting from Feasibility-level updated Ore Reserve works carried out by Auralia Mining Consulting Pty Ltd. Mr. Daniel Tuffin completed the Ore Reserve estimate. Mr Daniel Tuffin is a Member and Chartered Professional (Mining) of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify him as a Competent Person as defined in accordance with the 2012 Edition of the Australasian Joint Ore Reserves Committee (JORC). Mr Tuffin consents to the inclusion in the document of the information in the form and context in which it appears.



Rare Earths Market Data: Disclaimer



The slides in this presentation containing Rare Earths market data have been sourced from independent analysis of end application demand, along with Lynas estimates of quantities of Rare Earths end use in various key applications.

Although Lynas believes that the outcomes expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Forward-looking statements are based on assumptions and contingencies which are subject to change without notice. Factors that could cause actual results to differ materially from those in forward-looking statements include new Rare Earths applications, the development of economic Rare Earths substitutes, and general economic, market or business conditions. While Lynas has made every reasonable effort to ensure the veracity of the information presented, Lynas does not guarantee the accuracy and reliability of the estimates, forecasts and conclusions contained herein. Accordingly, the Rare Earths market data in this presentation should be used for general guidance only. There can be no guarantee that actual outcomes will not differ materially from forward-looking statements.

