

16 August 2019

MALAYSIAN GOVERNMENT ANNOUNCES RENEWAL OF OPERATING LICENCE

- ***Renewal of Lynas Malaysia's operating licence confirmed***
- ***Cracking & Leaching to be relocated to Western Australia***
- ***Approval of PDF location for WLP residue required within 6 months***
- ***Long term solution for NUF residue confirmed by regulator***

Lynas Corporation Limited (ASX:LYC, OTC:LYSDY) is pleased to confirm that the Malaysian government has announced that Lynas Malaysia's operating licence will be renewed by the due date of 3 September 2019.

Following extensive consultation with the Malaysian government and regulators, we confirm that:

1. Lynas Malaysia's operating licence will be renewed

The Malaysian government has announced it will renew the Lynas Malaysia operating licence for an initial period of 6 months.

Lynas Malaysia is required to fulfil certain conditions during that period, as summarized below.

2. Cracking & Leaching relocated to Western Australia

As announced on 21 May 2019, Lynas will relocate Cracking & Leaching, the first stage of its operations currently located in Malaysia, to Western Australia as part of the Lynas 2025 growth plan.

Under the new licence, Lynas is required to complete the relocation within 4 years.

Once the transition to Western Australia is complete, WLP residue will no longer be produced in Malaysia.

3. Lynas to build Permanent Deposit Facility (PDF) for WLP residue

Lynas Malaysia is required to obtain consent for the location of a Permanent Deposit Facility (PDF) for WLP residue within 6 months. Lynas Malaysia is confident of satisfying this condition. Lynas will accelerate planning and construction of the PDF.

This is consistent with the recommendation of the Pakatan Harapan government's Executive Review Committee in December 2018.

Alternatively, Lynas can obtain consent from another country to receive the material.

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Lynas Malaysia's PDF Planning Framework and Site Selection Plan have previously been approved by the Atomic Energy Licensing Board (AELB). In addition, the Pahang State Government has given written approval to locate a PDF in the State of Pahang.

Lynas has previously deposited a total of US\$42.2 million with the AELB in cash and cash-backed bonds. Lynas has also previously been required to spend 0.5% of annual gross sales on research and development. Under the new licence, Lynas is no longer required to spend 0.5% on research and development, however, this same percentage is to be submitted to the Government of Malaysia as an additional security until Cracking & Leaching commences operations in Australia.

The relevant portion of these security amounts is expected to be available for the PDF construction project. Further information will be provided on costs and timetable as this project progresses.

4. NUF residue long term solution confirmed

The Malaysian regulator has confirmed final approval of the long term solution for NUF residue which was originally announced on 14 February 2019.

Summary

Lynas Corporation CEO and Managing Director, Amanda Lacaze, commented:

"Lynas Malaysia thanks the Malaysian government for its decision which is based on the scientific recommendations of its Executive Review Committee. We reaffirm the company's commitment to our people, 97% of whom are Malaysian, and to further developing Malaysia's position as a global Rare Earths centre of excellence.

"Lynas will continue to make a positive contribution to the Malaysian economy and to Malaysia's Industry 4.0 vision. We hope today's decision will encourage other international businesses to invest in downstream manufacturing in Malaysia.

"Over the past 7 years we have demonstrated that our operations are safe and that we are an excellent Foreign Direct Investor. We have created over 1,000 direct jobs, 90% of which are skilled or semi-skilled, and we spend over RM600m in the local economy each year.

"We are optimistic that this decision will bring an end to the politicisation of Lynas over the past year. We look forward to continuing to be an active member of our communities and we will work closely with community members to ensure that they have up to date and accurate information about our operations."

Lynas will hold an Investor & Analyst briefing later today.

For all media enquiries please contact Jennifer Parker or Lauren Stutchbury from Cannings Corporate Communications on +61 2 8284 9990.

Andrew Arnold
Company Secretary