

**QUARTERLY REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

30 January 2023

**HIGHLIGHTS**

	Q2 FY22	Q1 FY23	Q2 FY23
• Quarterly Sales Revenue:	A\$202.7m	A\$163.8m	A\$232.7m
• Sales receipts:	A\$151m	A\$234.4m	A\$168.4m
• Closing cash and short term deposits:	A\$674.2m	A\$1,026.6m	A\$934.2m
• Total REO production:	4,209 REOt	3,500 REOt	4,457 REOt
○ NdPr production:	1,359 REOt	1,045 REOt	1,508 REOt
• Cash payments for CAPEX, exploration and development	A\$38.3m	A\$97.8m	A\$141.9m

**CEO REVIEW**

Production and sales outcomes in the December quarter recovered following the water supply disruptions experienced in the prior quarter.

Sales revenue of A\$232.7m improved on the previous quarter and the same period last year. Sales receipts, at \$168.4m, were a reflection of timing of deliveries which occurred later in the quarter. A higher sales price was achieved for SEG and new La-Ce speciality products which improved our average selling price despite flat market pricing with an average China Domestic Price for NdPr of US\$83/kg during the quarter.

Market prices started to increase again from December in anticipation of the late January Lunar New Year holidays and an expected rebound of the consumption in China. Future pricing trends will depend on China's economic recovery.

NdPr production of 1,508 tonnes and total REO production of 4,457 tonnes was achieved for the quarter, an increase on the prior quarter and the prior corresponding period (December quarter FY22).

Mining Campaign 4-1 continued at Mt Weld during the quarter. Pleasingly, Mt Weld delivered a record quarter for volume of REOt in concentrate from ore processing efficiencies. Additionally, the team continues to build the lanthanide concentrate stockpile for the Kalgoorlie Rare Earth Processing Facility start up.

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Capital works are underway at Lynas Malaysia to receive and process mixed rare earth carbonate feedstock to be produced at the new Kalgoorlie Rare Earths Processing Facility. Construction of the offsite Permanent Disposal Facility (PDF) in Malaysia continues.

CAPEX Cash outflow increased reflecting the progress on all three major growth projects.

Progress on major construction activities accelerated at the Kalgoorlie Rare Earths Processing Facility during the quarter including significant progress on production assets such as, earthworks for the construction of the evaporation ponds and embankments, progress on lining the 110m kiln with bricks, and installation of the kiln generator and facilities including completing the workshop warehouse, control room and maintenance offices.

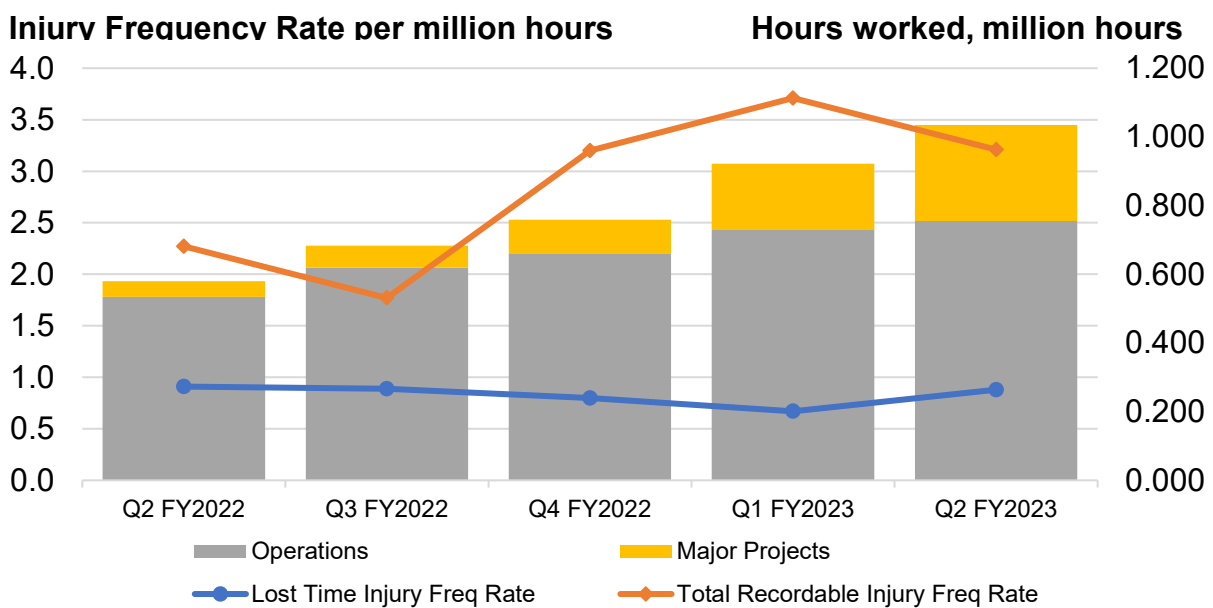
The Mt Weld Expansion Project is progressing as planned with significant progress on Detailed Engineering Design, procurement of long lead time items and award of packages. The bulk earthworks contractor mobilised in January and has commenced site works. The Chair of the Environmental Protection Authority (EPA) and Director of EPA Services visited Mt Weld in November. This provided an excellent opportunity to provide detailed briefing on current operations and the minimal impacts associated with the expansion project on site.

As announced on 31 October 2022, a letter of agreement was signed with our senior lender, JARE, in a further demonstration of long-term support for Lynas' growth strategy and strategic initiatives. The letter of agreement also further defers the US\$11.5m historic interest payment on the JARE loan facility until 30 June 2023, with no penalty and no additional interest.

## SAFETY AND ENVIRONMENT

Lynas is committed to ensuring the Company's operations and projects around the world are consistent with national and international safety and sustainability best practices.

The Company-wide 12-month rolling Lost Time Injury Rate, as of the end of December 2022, was 0.93 per million hours worked while Total Recordable Injury Rate was 3.4 per million hours for the same period. Mt Weld achieved 529 days lost time injury free during the December quarter of FY23.



For the fifth consecutive year, Lynas has been certified Sustainability compliant for environment, labour & human rights, ethics and sustainable procurement by EcoVadis, the organisation auditing all suppliers of the European chemical industry.

Lynas supports the objectives of the Paris Agreement in respect of Greenhouse Gas (GHG) emissions. Life Cycle Assessments are now completed as part of all new capital requests to ensure GHG emissions are considered as part of the decision-making process.

In September 2021, Lynas committed to the Science Based Targets initiative (SBTi) which requires targets to be submitted for verification within two years of the commitment. As a growth business and supplier of critical minerals required for the energy transition, including for electric vehicles and wind turbines, Lynas has been awaiting the development of the SBTi's Chemical industry pathway. The latest proposed timeframe for the publication of guidance documents for the Chemical industry pathway is January 2024. As this is beyond the SBTi's two year timeframe, Lynas has withdrawn from the SBTi and will focus on setting targets and taking action to reduce the emissions intensity of production as we work towards meeting the objectives of the Paris Agreement.

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

## MARKETING AND SALES

	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23
Sales Volume REOt	3,753	5,067	3,719	3,325	3,725
Sales Revenue	A\$202.7m	A\$327.7m	A\$294.5m	A\$163.8m	A\$232.7m
Average Selling Price	A\$54.0/kg	A\$64.7/kg	A\$79.2/kg	A\$49.3/kg	A\$62.5/kg
Sales Receipts (cash)	A\$151m	A\$262m	A\$351m	A\$234.4m	A\$168.4m

*Note: Sales information in this report is provided on an unaudited basis.*

Demand from customers for Lynas' NdPr product family remains strong. Production improved following the easing of the water supply disruption which was experienced in Q1 FY23.

The good product mix and good price obtained for SEG and new La-Ce speciality products, improved the average selling price despite market pricing remaining flat until early December.

Lynas continues to focus on increasing production as our customers forecast very strong demand in calendar year 2023. Lynas continues to receive enquiries from potential new customers for future cooperation, mainly from automotive OEMs and new magnet manufacturing projects outside of China.

	NdPr Oxide China Domestic Price (VAT excluded)							
	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Oct	Nov	Dec
USD/kg	106	139	120	94	83	83	80	87
Base 100	100	132	114	89	79	78	76	82

	Dy Oxide China Domestic Price (VAT excluded)							
	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Oct	Nov	Dec
USD/kg	394	420	341	295	291	285	282	306
Base 100	100	107	87	75	74	72	72	78

	Tb Oxide China Domestic Price (VAT excluded)							
	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Oct	Nov	Dec
USD/kg	1422	1950	1884	1718	1651	1617	1620	1717
Base 100	100	137	132	121	116	114	114	121

Rare Earth prices stabilised during the quarter. In anticipation of the Lunar New Year holidays (end of January) and an expected rebound of the consumption in China, prices started to increase again from December. Future pricing trends will depend mainly on the economic recovery in China after entering into the Year of the Rabbit.

**OPERATIONS**

**Upstream**

Mining Campaign 4-1 continued at Mt Weld during the quarter with movement of ore from the open cut mine to the run of mine stockpiles. The ores from the current cut back and changes to ore processing parameters have improved ore processing efficiencies resulting in Mt Weld achieving a record quarter for volume of REOt in concentrate, 5% higher than the previous record quarter (Q2 FY18).

Building the lanthanide concentrate stockpile in Mt Weld for the Kalgoorlie Rare Earth Processing Facility is on schedule as Mt Weld manages both the increasing demand from Lynas Malaysia and inventory build-for the Kalgoorlie start up.



*Aerial Photo: Run of mine stockpiles with Campaign 4-1 ores*

**Downstream**

	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23
Ready for Sale Production Volume Total	4,209 REOt	4,945 REOt	3,650 REOt	3,500 REOt	4,457 REOt
Ready for Sale Production Volume NdPr	1,359 REOt	1,687 REOt	1,579 REOt	1,045 REOt	1,508 REOt

Production during the quarter improved following the easing of the water supply disruption which was experienced in the September quarter of FY23. While residual issues were experienced early in the December quarter, production during the month of December 2022 was particularly strong and resulted in solid production outcomes for the quarter.

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## LYNAS GROWTH PROJECTS

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### Kalgoorlie Project

Progress accelerated on major construction activities for the Kalgoorlie Rare Earths Processing Facility during the quarter. The operational leadership team is now based at site in Kalgoorlie. Progress during the quarter included major earthworks for the construction of the evaporation ponds and embankments, movement of most of the steel tanks into place and progress on lining the 110m kiln with bricks.

Key project highlights also include the installation of the kiln generator, the arrival of the high voltage switch room on site, completion of the workshop warehouse, the control room, maintenance offices and the onsite laboratory building construction nearing completion.

Ongoing environmental activities have included the continuation of seed collecting activities and completion of the seeding trial on topsoil stockpiles during November. Vegetation monitoring programs are being set up as well as monitoring of revegetation activities within the buffer zone.



*Feed Hood lower platform completed for bricking, Soda ash silo complete and installed, MgO outer concrete tank walls completed, MgO silo structures in place, Carbonation civils completed and tank installation commenced, milk of lime tank installed.*



*MgO Tanks. Outer walls complete, two inner walls completed, silo structures installed. Excavation for load in system and Chemicals warehouse in the rear.*



*Carbonation area – Slab and plinths completed, tank installation underway.*

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### **Mt Weld Expansion**

The Mt Weld Expansion Project continues to progress as planned with completion of the recruitment of the Integrated Management Team (IMT) for Perth based roles and key site roles being filled.

The Chair of the Environmental Protection Authority (EPA) and Director of EPA Services visited Mt Weld in November. This was an opportunity for Lynas to demonstrate our operational excellence and highlight the controls and minimal environmental impacts associated with the Mt Weld Expansion Project.

Significant progress has been achieved with Detailed Engineering Design, procurement of long lead time items and award of packages. The bulk earthworks contractor mobilised in January and has commenced site works.

### **United States**

Lynas continues to progress its deliverables under the previously announced contracts for the development of a U.S. Rare Earths separation facility.

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## FINANCE

### Cash Position

A summarised cash flow for the quarter ended 31 December 2022 is set out below.

CASH FLOW	A\$ million	A\$ million
	Dec 22 quarter	Dec 22 YTD
<b>Cash Inflows</b>		
Receipts from customers	168.4	402.8
Proceeds from the issue of share capital (JARE contribution to Mt Weld Exploration programme)	-	13.8
<b>Cash Outflows</b>		
Payment for production, administration and royalty costs	(105.2)	(209.7)
Payments for capex, exploration and development, net of government grants	(141.9)	(239.7)
Payments for extinguishment of rehabilitation liability <sup>1</sup>	(2.1)	(2.1)
Payments to security deposits	(4.7)	(4.7)
Payment of borrowings	(2.9)	(2.9)
Net interest received	4.1	7.6
Net exchange rate adjustment	(8.1)	3.5
<b>OPENING CASH AND SHORT TERM DEPOSITS</b>	1,026.6	965.6
<b>CLOSING CASH AND SHORT TERM DEPOSITS</b>	934.2	934.2

(1) Payments for the extinguishment of rehabilitation liability relate to scheduled progress payments to GSSB in relation to the construction of the Permanent Disposal Facility in Malaysia.

(2) Financial information in this report is provided on an unaudited basis.

Authorised by:  
Sarah Leonard  
Company Secretary