

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

20 October 2023

HIGHLIGHTS

	Q1 FY23	Q4 FY23	Q1 FY24
• Quarterly sales revenue:	A\$163.8m	A\$143.7m	A\$128.1m
• Sales receipts:	A\$234.4m	A\$188.9m	A\$128.5m
• Closing cash and short term deposits:	A\$1,026.6m	A\$1,011.2m	A\$902.6m
• Total REO production:	3,500 REOt	4,475 REOt	3,609 REOt
○ NdPr production:	1,045 REOt	1,864 REOt	1,526 REOt
• Cash payments for CAPEX, exploration and development	A\$97.8m	A\$200.5m	A\$164.7m

CEO REVIEW

The September quarter was a mixed result following the company's strong finish to the FY23 financial year.

Sales revenue reduced to \$128.1m reflecting lower rare earths prices and continuing accumulation of NdPr and SEG inventory.

NdPr production, at 1,526 tonnes, reflected planned and delayed preventative maintenance works in the Cracking & Leaching (C&L) plant at Lynas Malaysia.

Lynas continues to manage operations to optimise outcomes within various scenarios. Key variables include the operating licence conditions in Malaysia and the start-up and commissioning process in Kalgoorlie.

Market demand remains in line with expectations and the NdPr market price stabilised above USD 60/kg midway through the quarter. Demand for Heavy Rare Earths (HRE) is increasing, driven by the global demand for EVs. In line with this, we retained some Mixed Heavy Rare Earths (SEG) product as inventory for future sales once the current HRE price recovers.

At Mt Weld, process optimisation continued to ensure sufficient material to feed both the Kalgoorlie and Malaysian facilities. The Mt Weld Exploration programme also continued at pace with additional drilling complete. The team is now working on characterising the results to inform our understanding of the Mineral Resource and Reserve.

We are excited to have now commenced the kiln heating cycle at the new Kalgoorlie Facility. This is the first step in production and will be followed by first production, and then ramp up over the next few months. Whilst the trajectory of this ramp up is inherently unpredictable, this is an exciting milestone.

In Malaysia, there will be a planned shutdown of all operations, apart from Mixed Rare Earth Carbonate (MREC) processing, in the December quarter starting from mid-November. MREC processing volumes are expected to be minimal during this period.

During the shutdown, key Malaysian C&L personnel will be deployed to assist with the start-up process in Kalgoorlie.

At Lynas Malaysia, we will implement an upgrade to downstream operations to increase NdPr production capacity to approximately 10,500tpa. This is essential additional capacity in the event our Malaysian operating licence is updated to allow the continued import and processing of Lanthanide concentrate from 1st January 2024. In the event that does not occur, the capacity will still be required as Kalgoorlie ramps up to its nameplate capacity of MREC feedstock to produce approximately 9,000tpa NdPr finished product.

The upgrade involves reconfiguring certain Solvent Extraction (SX) circuits and installing new equipment in Product Finishing (PF). The SX work will upgrade 50% of NdPr separation capacity (2 production trains). Whilst the work will be completed in the December quarter, we forecast lower rates during the March quarter as the circuits stabilise in the new format. During the March quarter we expect maximum production rates of approximately 300tpm growing to 750tpm in the June quarter.

In the event our Malaysian operating licence is updated to allow the continued import and processing of Lanthanide concentrate, we will undertake further maintenance work on the C&L facility during this period in addition to the downstream upgrades.

The Mt Weld Expansion Project schedule remains on track with construction activities progressing as planned. Following the Stage 2 engineering review, the forecast cost at project completion has been updated to approximately \$570m reflecting advancement in design detail as well as up-to-date market pricing and productivity factors.

As announced on 1 August 2023, Lynas has signed a follow on contract with the United States (U.S.) Department of Defense (DoD) for the construction of the Heavy Rare Earths (HRE) component of the Lynas U.S. Rare Earths Processing Facility in Seadrift, Texas. The updated contract is an expenditure-based contract under which all of Lynas' properly allocable construction costs will be reimbursed. A contribution by the U.S. Government of approximately US\$258 million is currently allocated to the Project. Lynas' existing US\$60 million (50:50 cost share) agreement with the DoD for the construction of the Light Rare Earths (LRE) component of the Lynas U.S. Rare Earths Processing Facility remains on foot.

As announced on 26 July 2023, Lynas Malaysia has filed two judicial review proceedings before the High Court of Malaya at Kuala Lumpur seeking judicial review of the Malaysian operating licence conditions prohibiting the import and processing of lanthanide concentrate after 1 January 2024. Lynas has now received leave from the High Court to proceed. An application for a stay to allow Lynas to operate on a normal basis while the administrative and legal appeals are heard and decided has been listed for hearing in November 2023.

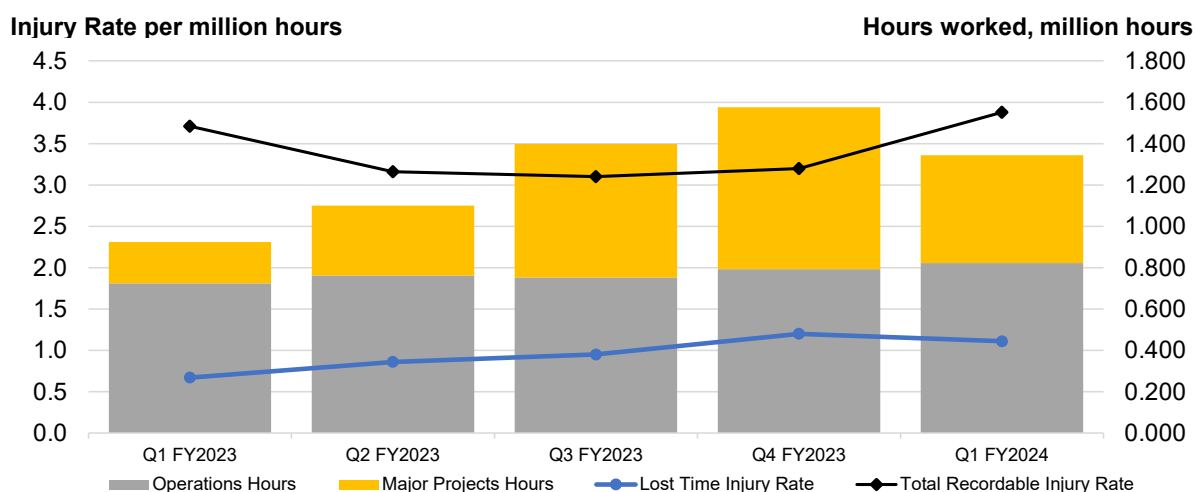
SAFETY AND ENVIRONMENT

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

The Company-wide 12-month rolling Lost Time Injury Rate at the end of September 2023 was 1.11 per million hours worked, while Total Recordable Injury Rate was 3.88 per million hours worked for the same period.

We are disappointed to report eight recordable injuries for the quarter. Three recordable injuries occurred in ongoing operations and five occurred in major project construction.

During the period, in response to certain events, safety standdowns have been implemented at Mt Weld and Kalgoorlie. This has meant ceasing all operations for a day during which time area inspections have been completed and staff training and updates to critical work procedures have been implemented. Learnings from investigations have been shared across the business.



At Lynas we are proud of our full compliance with local laws and regulations and adoption of international best practices. In line with this commitment, 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.

MARKETING AND SALES

	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Sales Volume REOt	3,325	3,725	4,914	4,050	2,825
Sales Revenue	A\$163.8m	A\$217.5m	A\$237.1m	A\$143.7m	A\$128.1m
Average Selling Price	A\$49.3/kg	A\$58.4/kg	A\$48.3/kg	A\$35.5/kg	A\$45.4/kg
Sales Receipts (cash)	A\$234.4m	A\$168.4m	A\$229.2m	A\$188.9m	A\$128.5m

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

Sales performance in the September quarter reflects key inventory management decisions. As previously indicated, we are accumulating NdPr inventory to ensure continued supply to key customers. In addition, we have retained some SEG product in inventory until the current pricing for Heavy Rare Earths recovers.

In September 2023, the Chinese production quotas for 2H 2023 were announced. The market responded positively with NdPr prices stabilising above USD 60/kg during the quarter. This price increase remains in line with growth in demand for rare earth products.

Demand for Heavy Rare Earths continues to increase driven by the global development of electric vehicles. Dy prices increased rapidly during the quarter as Chinese quotas for Heavy Rare Earths remained flat and exports from Myanmar to China continued to be limited.

	China Mining and Production Quotas (REO tons)				
	2022	H1 2023	H2 2023	2023	Change
LRE Mining	190,850	109,057	111,793	220,847	+16%
HRE Mining	19,150	10,943	8,207	19,150	0%
Separation	202,000	115,000	115,000	230,000	+14%

	NdPr Oxide China Domestic Price (VAT excluded)							
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Jul	Aug	Sep
USD/kg	94	83	88	60	59	55	59	63
Base 100	100	89	94	64	63	59	62	67

	Dy Oxide China Domestic Price (VAT excluded)							
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Jul	Aug	Sep
USD/kg	294	291	295	257	290	266	290	315
Base 100	100	99	100	87	99	90	98	107

Tb Oxide China Domestic Price (VAT excluded)								
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Jul	Aug	Sep
USD/kg	1718	1651	1642	1058	934	893	897	1012
Base 100	100	96	96	62	54	52	52	59

OPERATIONS

Upstream

The Mt Weld exploration program on the exploration target in the fresh carbonatite below the current Mt Weld life of mine design and ore reserve continued at pace during the quarter.

Reverse circulation drilling to 200 metres below surface and below the life of mine pit shell was completed with 167 holes (36,984m) drilled to date. This includes exploration drilling on a 100 metre by 100 metre pattern. Drilling for inferred resources on an 80 metre by 80 metre pattern also commenced during the quarter. Geological reverse circulation chip logging as well as photography is in progress. Reverse circulation samples have been sent to Perth for assaying and mineralogy analysis.

Diamond drilling to 200 metres and some holes to 400 metres below surface within the target area has commenced with 19 holes (5,091 metres) completed to date. Diamond drilling has been continuously performed 24 hours per day, 7 days per week since late June 2023. Geological and structural core logging as well as core photography and sampling is in progress.

No mining occurred during the quarter following the completion of Mining Campaign 4 in the previous quarter.

Downstream

	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Ready for Sale Production Volume Total	3,500 REOt	4,457 REOt	4,348 REOt	4,475 REOt	3,609 REOt
Ready for Sale Production Volume NdPr	1,045 REOt	1,508 REOt	1,725 REOt	1,864 REOt	1,526 REOt

Production at the Lynas Malaysia plant was reduced during the quarter to allow for the completion of necessary preventive maintenance in Cracking & Leaching (C&L). This also enabled a team from Lynas Malaysia to support the commissioning and start-up of Lynas' new Rare Earths Processing Facility in Kalgoorlie.

As previously mentioned, the Lynas Malaysia plant, apart from MREC processing, will be temporarily shutdown during the December quarter to complete upgrade works to support increased downstream capacity. The project includes reconfiguring certain SX circuits and installing new PF equipment. The SX work is expected to be completed within the December quarter.

During the March quarter we expect maximum production rates of approximately 300tpm growing to 750tpm in the June quarter.

Product finishing capacity will be managed to reflect NdPr throughput in SX.

During this shutdown, key Malaysian C&L staff will be deployed to assist in the start-up of the Kalgoorlie facility.

LYNAS GROWTH PROJECTS

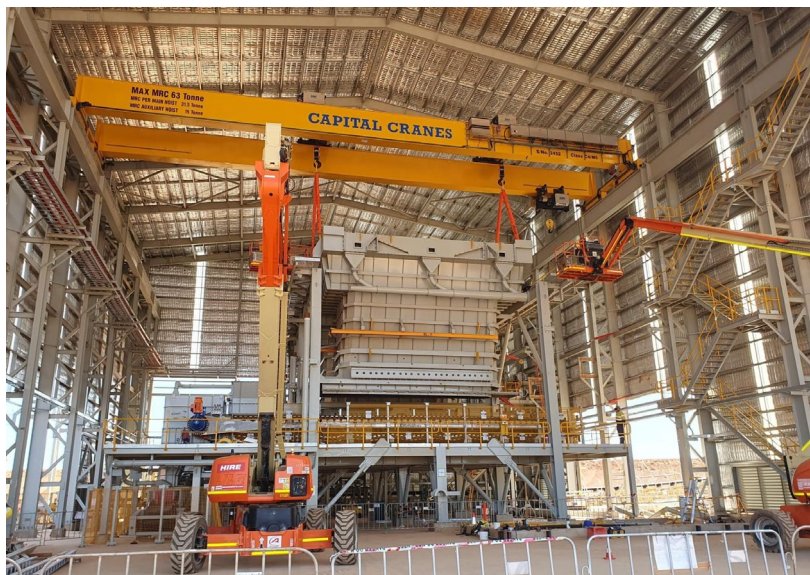
Kalgoorlie Project

Final construction activities for the Kalgoorlie Rare Earths Processing Facility continued during the quarter in parallel with full plant commissioning.

As previously outlined, recent delays to the project were due to the waste gas treatment plant which was the final major area required for kiln heating and first production. The required parts of the waste gas treatment plant have now been completed.

We are excited to have now commenced the kiln heating cycle at the new Kalgoorlie Facility. This is the first step in production and will be followed by first production, and then ramp up over the next few months. Whilst the trajectory of this ramp up is inherently unpredictable, this is an exciting milestone.

A significant number of our Lynas Malaysia team have been mobilised to Kalgoorlie to assist with the final stages of commissioning and the initial stages of production and ramp up.



Concentrate Hoppers installed; lifted in with our Concentrate Building crane



Concentrate Building and conveyor to the kiln; ready for kiln heating and production

Mt Weld Expansion

The Mt Weld Expansion Project schedule remains on track with construction activities progressing as planned. Earthworks are nearing completion, concrete works are advancing to the next stage of work fronts and structural steel, and equipment and piping installation is underway on the filter circuit. Over 90% of mechanical and electrical equipment has been ordered and long lead items are being progressively delivered to site.

As previously outlined, formal approval of the Minor and Preliminary Works application was received from the Environmental Protection Authority (EPA) in March 2023. This provided the approvals needed to progress early works. We have now presented the Mt Weld Life of Mine Proposal (EPA Assessment) to the EPA Board. The next steps for the Life of Mine assessment are for the EPA to complete its assessment report.

Following the Stage 2 engineering review that has been carried out at the completion of 60% detailed design, the forecast cost at project completion has been updated to reflect advancement in design detail, quantities developed for earthworks, concrete, structural steel and platework, and up-to-date market pricing and productivity factors. The revised forecast cost at completion, inclusive of contingency is approximately \$570m.

This updated forecast includes the latest works forecast and is reflective of the current market where inflationary conditions have increased the fabrication and works costs compared to historical benchmarks.



Mt Weld Expansion - Site Construction General Overview

United States

As announced on 1 August 2023, Lynas has signed a follow on contract with the United States (U.S.) Department of Defense (DoD) for the construction of the Heavy Rare Earths (HRE) component of the Lynas U.S. Rare Earths Processing Facility in Seadrift, Texas. The updated contract is an expenditure-based contract under which all of Lynas' properly allocable construction costs will be reimbursed. A contribution by the U.S. Government of approximately US\$258 million is currently allocated to the Project. This is an increase from the approximately US\$120 million announced in June 2022. The updated contract follows detailed design work and cost updates since the original design was completed.

In September, the DoD, through the National Armaments Consortium (NAC) announced a solicitation process for the development of an additional source for the domestic Light Rare Earth Elements (LREE) industrial base for LREE materials utilising ore from allied or NATO sources. Lynas intends to participate in the newly announced Prototype OTA process. Lynas' existing US\$60 million (50:50 cost share) agreement with the DoD for the construction of the Light Rare Earths (LRE) component of the Lynas U.S. Rare Earths Processing Facility remains on foot.

Lynas' 149-acre greenfield site in Seadrift, Texas will be developed to enable the co-location of the integrated HRE and LRE separation plants as well as potential future growth opportunities such as downstream processing and recycling to create a circular mine to magnet supply chain.

Lynas' U.S. Rare Earths Processing Facility in Texas will serve both the DoD and commercial customers, and is targeted to be operational in FY26.

FINANCE

Cash Position

A summarised cash flow for the quarter ended 30 September 2023 is set out below.

CASH FLOW	A\$ million	A\$ million
	Sep 23 quarter	FY24 YTD
Cash Inflows		
Receipts from customers	128.5	128.5
Cash Outflows		
Payment for production, administration and royalty costs	(97.4)	(97.4)
Payments for capex, exploration and development	(164.7)	(164.7)
Payments for extinguishment of rehabilitation liability ¹	(4.4)	(4.4)
Net interest received	11.5	11.5
Net exchange rate adjustment	17.9	17.9
OPENING CASH AND SHORT TERM DEPOSITS	1,011.2	1,011.2
CLOSING CASH AND SHORT TERM DEPOSITS	902.6	902.6

(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.

CORPORATE

Malaysian Operating Licence

As announced on 26 July 2023, Lynas Malaysia has filed two judicial review proceedings before the High Court of Malaya at Kuala Lumpur seeking judicial review of the Malaysian operating licence conditions prohibiting the import and processing of lanthanide concentrate after 1 January 2024. Lynas has now received leave from the High Court to proceed.

Our application for a stay to allow Lynas to operate on a normal basis while the administrative and legal appeals are heard and decided has been listed for hearing in November 2023.

2023 Annual General Meeting

The 2023 Annual General Meeting of Lynas shareholders will be held on 29 November 2023 at 10am (AEDT) at The Mint, 10 Macquarie St, Sydney. Shareholders will also be able to attend the meeting via a virtual platform.

Authorised by:
Sarah Leonard
Company Secretary