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Lynas Rare Earths acknowledges the Traditional Owners of the lands on which we live and work, across Australia.

We acknowledge and value Lynas' Aboriginal and Torres Strait Islander employees, partners and communities and pay respect to their Elders past and present.



For internal use only

FY24 Key Figures and Highlights

\$463.3m
Sales Revenue



\$84.5m
Net Profit after Tax

\$523.8

Cash and Short Term Deposits



\$579.3m

Property, Plant & Equipment Capital Spend



1117
Employees



24%
Women Employees



10,908 tonnes
Total REO production



5,655 tonnes
Total NdPr production



External accreditations maintained



ISO 9001
ISO 14001
ISO 45001
BUREAU VERITAS
Certification



Chair's Letter



"Lynas is proud of our position as an ethical and responsible producer of rare earth materials..."

Dear Shareholder, I'm pleased to present the Lynas Rare Earths Annual Report for the 2024 financial year.

The Company delivered a positive financial performance despite challenging external market conditions. Significant progress was made on key growth initiatives which position the Company to benefit from future market improvements and deliver long term shareholder value.

Key FY24 financial outcomes reflected the challenging conditions and included revenue of \$463.3m and a Net Profit After Tax (NPAT) of \$84.5m. While NdPr production decreased by 8% year on year, due in large part to a 6-week works program at Lynas Malaysia, total costs reduced by 17% year on year. This cost performance demonstrates the Company's strong financial discipline and steadfast focus on delivering process efficiencies and improved recoveries across all operations.

During the year, the average China domestic price of NdPr (VAT excluded) decreased from US\$60.4/kg in June 2023 to US\$44.0/kg in June 2024. There has been some positive movements in the NdPr market price since May 2024, however, prices are likely to remain volatile until the Chinese economy improves.

Significantly for Lynas, the variation of the Malaysian operating licence announced in October 2023 has enabled the continuation of cracking and leaching in Malaysia and provided confidence for further investment in our Malaysian operations. This includes the major works program completed at Lynas Malaysia in the December 2023 quarter and the reconfiguration of a circuit to deliver first production of two Heavy Rare Earth products (Dysprosium and Terbium) in Malaysia in CY2025.

In Western Australia, the new Kalgoorlie Rare Earths Processing Facility delivered first production of Mixed Rare Earth Carbonate (MREC) in the June 2024 quarter and the first shipment of MREC was dispatched to Lynas Malaysia for processing. This milestone was the result of excellent collaboration between our Australian and Malaysian teams, including the contribution of a number of our Malaysian team who are working on site in Kalgoorlie. I'm pleased to report that the first MREC from Kalgoorlie has been successfully processed at our Malaysian facility.

At Mt Weld, key achievements including the successful completion of the exploration drilling program, the commencement of a new mining program and the completion of construction for Stage 1 (Concentrate Dewatering) of the Mt Weld Expansion project.



On 5 August 2024, Lynas released the 2024 Mt Weld Mineral Resource and Ore Reserve Update which included a 92% increase in Mineral Resources¹ and a 63% increase in Mt Weld Ore Reserves,² a 93% increase in contained Dy and a significant increase in contained Heavy Rare Earth mineralisation.

We are committed to a program to reduce Greenhouse Gas (GHG) emissions and on 22 July 2024, Lynas signed contracts with Zenith Energy for the supply of power from a gas-fired hybrid renewable power station at Mt Weld. Early works for the new power station commenced in FY24 and, once fully operational, the 75MW hybrid power station is forecast to reduce GHG emissions by approximately 60,000t CO₂-equivalent per year when compared to a diesel-only power station of equivalent size.

In August 2024, Lynas signed an approx. US\$258m follow on contract with the United States (U.S.) Department of Defense (DoD) for the construction of a U.S. Heavy Rare Earths processing facility. Detailed engineering, procurement and approvals activities continued for the planned U.S. facility during the year.

Progress on key growth initiatives in FY24 demonstrates the Company's ongoing commitment to diversifying its industrial footprint, increasing production capacity, and investing in the world class Mt Weld resource.

Lynas is proud of our position as an ethical and responsible producer of rare earth materials and we are committed to reporting transparently on the material issues for our business. Our annual update on environmental, social and governance (ESG) initiatives and performance is available in the 2024 ESG Report on our website at [LynasRareEarths.com](https://lynasrareearths.com).

On behalf of the Board, I would like to thank Amanda Lacaze and the executive team for their leadership this year and extend that thanks to the entire Lynas team for their contributions to Lynas' success in 2024.

The Board would also like to thank you, our shareholders, for your continued support. We look forward to updating you on our progress in the year ahead.

John Humphrey

Chair

¹ Mineral Resource cut-off grade of 2.5% TREO applied

² Reserves cutoff of 2.8% TREO compared to 4.0% TREO used for 2018 Reserves

CEO Review



“These works have also enabled the reconfiguration of an existing Solvent Extraction (SX) circuit to produce two Heavy Rare Earth products (Dysprosium and Terbium) in Malaysia for the first time.”

The 2024 financial year was both an exciting and challenging year for Lynas Rare Earths.

In FY24, Lynas delivered positive financial performance and maintained a strong balance sheet. During the year, we also met a number of major milestones associated with our growth plan.

Achievements in the financial year included the variation to the Malaysian operating licence to enable the continuation of cracking and leaching in Malaysia and first production from our new Kalgoorlie Rare Earths Processing Facility. The construction and commissioning of such a large facility in just over two years from receipt of full construction approvals is a credit to the skills and perseverance of our Kalgoorlie team and the support received from our Malaysian experts.

Whilst the 2024 financial outcomes were lower than the prior year when prices were much more favourable, they reflect our continuing focus on capturing cost efficiencies across the business. Lynas has over a decade of experience as a supplier of separated rare earths and this means we are well prepared to weather price volatility.

Investing for the future

Lynas is an integrated rare earths producer and in FY24, \$579.3m was invested in capital and mine development projects, primarily related to the new Kalgoorlie Rare Earths Processing Facility, the Mt Weld Expansion project, and capacity and efficiency projects at Lynas Malaysia.

The foundation of Lynas' ongoing success and financial sustainability is the high grade, long life Mt Weld ore body and progress at Mt Weld this year has been exciting. This has included the completion of the exploration drilling program, the completion of Stage 1 construction of the Mt Weld Expansion project, and the signing of a new 5-year mining contract with Carey Group.

The exploration drilling program informed the 2024 Mt Weld Mineral Resource and Ore Reserve Update¹ which was released on 5 August 2024 and included a 92% increase in Mineral Resources² and a 63% increase in Mt Weld Ore Reserves,³ a 93% increase in contained Dy and a significant increase in contained Heavy Rare Earth mineralisation.

The Mt Weld capacity expansion project progressed well during the year. Stage 1 (Concentrate Dewatering) construction was completed and commissioning commenced in the June 2024 quarter, while construction of Stage 2 (balance of plant) continues.

¹ Refer to Appendix A

² Mineral Resource cut-off grade of 2.5% TREO applied

³ Reserves cutoff of 2.8% TREO compared to 4.0% TREO used for 2018 Reserves



In Malaysia, the variation to the operating licence has provided a platform for sustainable operations and we are progressing our investment program accordingly. During the year, our largest program of works in over a decade was successfully and safely completed in December 2023. The works enable a progressive uplift to separation capacity of approximately 10,500 tonnes p.a. for the NdPr family (NdPr, Nd, Pr), in line with our previously announced Lynas 2025 goals. These works have also enabled the reconfiguration of an existing Solvent Extraction (SX) circuit to produce two Heavy Rare Earth products (Dysprosium and Terbium) in Malaysia for the first time. First production is expected in CY2025.

In Kalgoorlie, following final commissioning activities, production of Mixed Rare Earth Carbonate (MREC) commenced in the June 2024 quarter and the first shipment of MREC was dispatched to Lynas Malaysia. The ramp up of the Kalgoorlie Facility continues as planned, and is being managed to align with increased production capacity at Mt Weld and Lynas Malaysia and with market demand.

In the U.S., Lynas signed a follow on contract with the United States (U.S.) Department of Defense (DoD) for the construction of the Heavy Rare Earths component of the Lynas U.S. Rare Earths Processing Facility. Detailed engineering, procurement and approvals activities continued for the planned U.S. Facility in FY24.

During the year, \$579.3m was invested in capital and mine development projects. Notwithstanding this heavy capital investment program in FY24, we ended the period with a robust cash balance of \$523.8m. Long dated debt reduced to US\$130m, preserving a strong Balance Sheet despite the low market prices through FY24.

Capital expenditure is expected to be approximately \$400–\$500 million in FY25 including sustaining capital, mining activities and major growth projects.

Demonstrating resilience through market cycles

I am pleased to report revenue of \$463.3m and a Net Profit After Tax (NPAT) of \$84.5m for the 2024 financial year. Whilst NdPr production decreased by 8%, in a year when we undertook a major works program at Lynas Malaysia, total costs reduced by 17% compared to FY23. Initiatives to improve the flow sheet at each stage and deliver better recoveries were at the heart of the cost improvements achieved in FY24, together with a continued focus on optimising procurement and operational efficiency.

During the year production decisions reflected the muted market environment. In FY24, NdPr production was 5,655 tonnes (down from 6,142 tonnes in FY23) and total REO production was 10,908 tonnes. This included the six week temporary shutdown of Lynas Malaysia in the December 2023 quarter whilst major works to support the capacity expansion were completed.

The average China domestic price of NdPr (VAT excluded) decreased from US\$60.4/kg in June 2023 to US\$44.0/kg in June 2024. FY24 was the most challenging pricing environment for Rare Earths for several years. Pleasingly, there have been positive movements in the NdPr market price since May 2024, and we continue to focus on fulfilling contracted customer requirements and maintaining our strategy of not selling into the spot market.

Despite the short term effects of low market prices, we continue to see investment and government policy initiatives which will support the development of the Rare Earths market.

Responsible production of essential rare earth materials

At Lynas, we are committed to reducing Greenhouse Gas (GHG) emissions from operations. During the year we commenced early works for a new hybrid power station at Mt Weld and on 22 July 2024 contracts were signed with Zenith Energy for the supply of power from an approximately 65MW gas-fired hybrid renewable power station to Lynas' Mt Weld mine and concentration plant.

The thermal power station is expected to be completed in the first half of CY2025 and renewables (solar, wind and battery storage) will be installed progressively, with full operation expected in CY2026. The hybrid power station has been designed to deliver up to approximately 70% average annual renewable energy as well as reliable baseload thermal capability.

Early works progress in FY24 included construction of the thermal (gas) power station with orders placed for long lead items including wind turbines.

In Malaysia, works to install a 0.75MW rooftop solar array also commenced in FY24.

Our focus in FY25

Lynas is the only scale producer of separated rare earths outside China, a unique position from which to grow.

The 2024 financial year demonstrated Lynas' ability to operate a profitable business through the price cycle. This is the result of strong financial discipline, an unrelenting focus on identifying and capturing cost efficiencies, and a clear focus on key customer requirements.

In FY25, the team remains focused on fulfilling key customer needs, maximising internal efficiencies, ensuring we are future fit and delivering excellent value for our shareholders.

Our people across Australia and Malaysia achieved many successes and milestones this year and I would like to thank all members of our team for their hard work and contribution to the 2024 financial year.

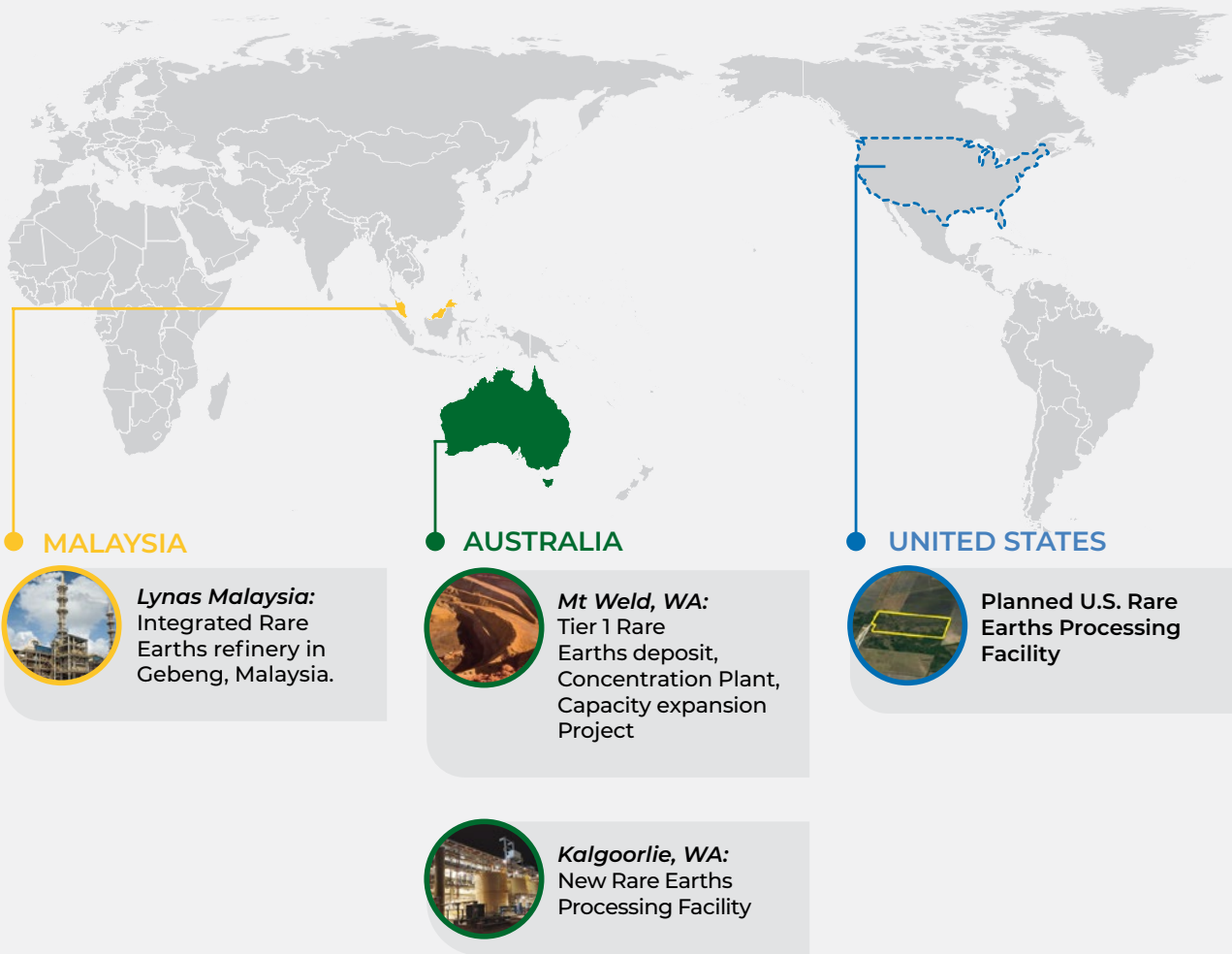
We appreciate the excellent support of our shareholders and are focused on continuing to build value in your Company over the year ahead.



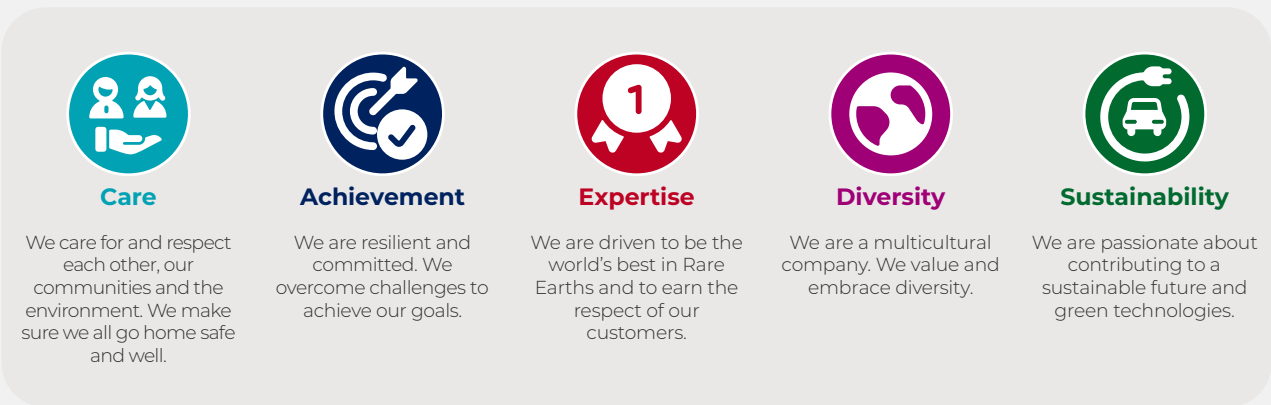
Amanda Lacaze

Managing Director and Chief Executive Officer

Our Operations



Living our Values



BOARD OF DIRECTORS



John Humphrey
Chair



Amanda Lacaze
Managing Director & CEO



John Beevers
Non-Executive Director



Philippe Etienne
Non-Executive Director



Dr Vanessa Guthrie AO
Non-Executive Director



Grant Murdoch
Non-Executive Director

SENIOR MANAGEMENT TEAM



Amanda Lacaze
Managing Director
& CEO



Mimi Afzan Afza
Vice President
People & Culture



**Dato Sri Mashal
Ahmad**
Vice President
Malaysia



Daniel Havas
Vice President
Strategy & Investor
Relations



Chris Jenney
VP Major Projects



Sarah Leonard
General Counsel &
Company Secretary



Pol Le Roux
Chief Operating
Officer



Jennifer Parker
Vice President
Corporate Affairs



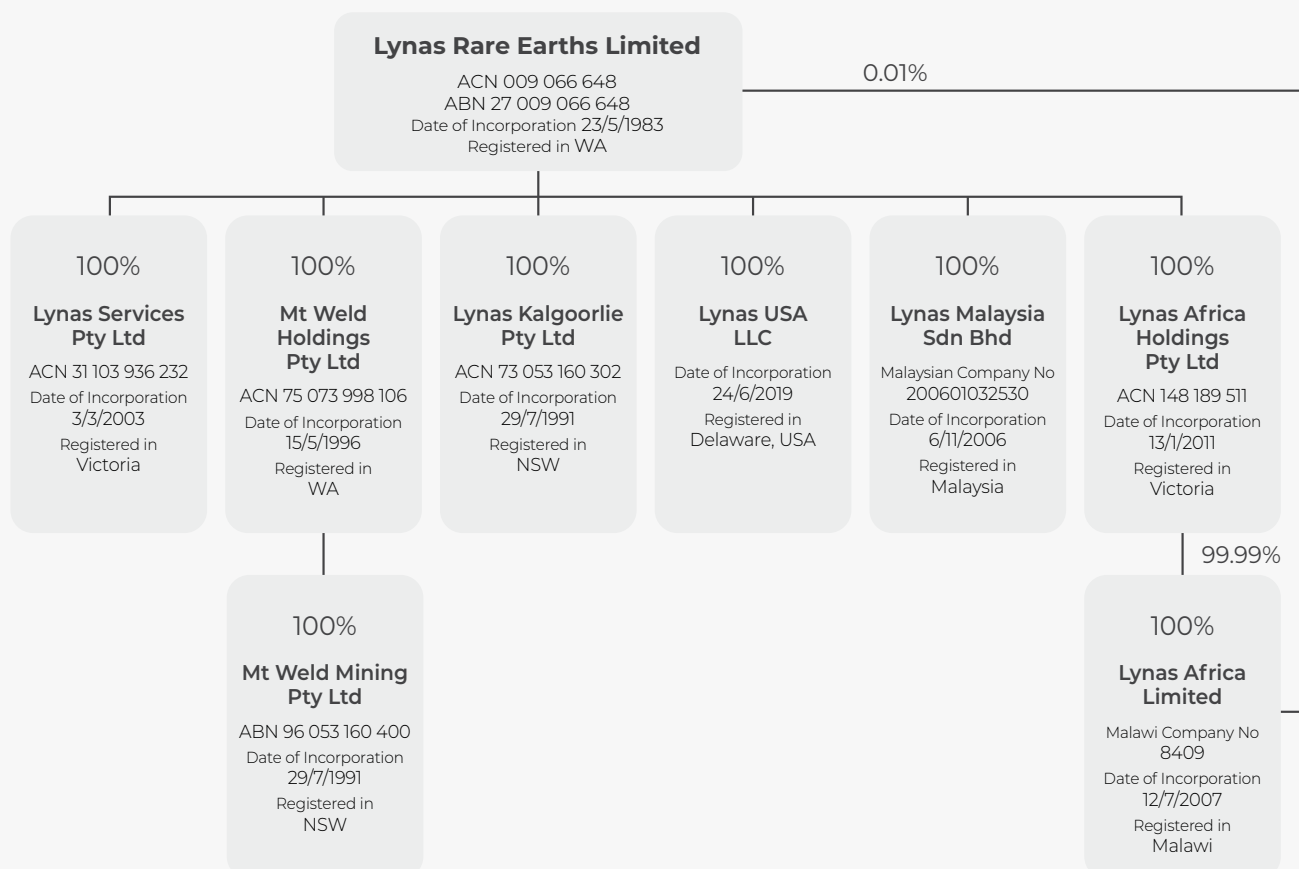
**Gaudenz
Sturzenegger**
Chief Financial Officer

Directors' Report

The Board of Directors (the “Board” or the “Directors”) of Lynas Rare Earths Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) submit their report for the year ended 30 June 2024. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

CORPORATE INFORMATION

Lynas Rare Earths Limited is limited by shares and is incorporated and domiciled in Australia. The Group's corporate structure is as follows:



DIRECTORS

The names and details of the Company's Directors who were in office during or since the end of the financial year are as set out below. All Directors were in office for this entire period unless otherwise stated.

John Humphrey LLB (Appointed Chair 29 November 2023)

Non-Executive Director

Mr Humphrey joined the Company as a Non-Executive Director on 15 May 2017 and appointed Chair on 29 November 2023. His key areas of expertise include mergers and acquisitions, corporate finance and corporate governance.

Mr Humphrey is a senior consultant to King & Wood Mallesons. He was the Dean of the Faculty of Law at Queensland University of Technology from January 2013 until June 2019. He was a Senior Partner at King & Wood Mallesons between 1998 and 2012 and a Partner at Corrs Chambers Westgarth between 1980 and 1998. He is an experienced Non-Executive Director having previously been Chairman and a Non-Executive Director of Spotless Group Holdings until 31 January 2021 and Chairman and Non-Executive Director of Auswide Bank Limited (formerly Wide Bay Australia Limited) until 31 December 2020. He was appointed as Chairman and a Non-Executive Director of Titles Queensland in August 2021 and he has previously served as Chairman and Non-Executive Director of Horizon Oil Limited and Villa World Limited, Deputy Chairman of King & Wood Mallesons and as a Non-Executive Director of Cromwell Property Group, Downer Group Limited, and Sunshine Broadcasting Group Limited. He has also served as a member of the Australian Takeovers Panel. He is a member of the Australian Institute of Company Directors.

Mr Humphrey is a member (since 29 November 2023) of the Nomination, Remuneration and Community Committee and a member of the Audit, Risk and ESG Committee.

Amanda Lacaze BA, MAICD

Managing Director

Ms Lacaze was appointed as Managing Director and Chief Executive Officer of the Company on 25 June 2014 following her appointment as a Non-Executive Director of the Company on 1 January 2014.

Ms Lacaze brings more than 25 years of senior operational experience to Lynas, including as Chief Executive Officer of Commander Communications, Executive Chairman of Orion Telecommunications and Chief Executive Officer of AOL/7. Prior to that, Ms Lacaze was Managing Director of Marketing at Telstra and held various business management roles at ICI Australia (now Orica and Incitec Pivot). Ms Lacaze's early experience was in consumer goods with Nestle.

Ms Lacaze is a member of Chief Executive Women and the Australian Institute of Company Directors. She was a Non-Executive Director of ING Bank Australia until 30 May 2021. Ms Lacaze holds a Bachelor of Arts Degree from the University of Queensland and postgraduate Diploma in Marketing from the Australian Graduate School of Management.

John Beevers Bachelor of Engineering, Master of Business (Appointed 1 May 2023) GAICD

Non-Executive Director

Mr Beevers joined the Company as a Non-Executive Director on 1 May 2023. Mr Beevers is an experienced Board director with over 30 years' experience in the resources, mining services and chemical industries. He has broad international experience in operations and leadership, including as CEO of Orica Mining Services and Managing Director and CEO for Groundprobe.

Mr Beevers is currently a Non-Executive Director of Orica Limited and Syrah Resources Limited. He is also a graduate of the Australian Institute of Company Directors.

Mr Beevers is a member of the Nomination, Remuneration and Community Committee and a member of the Health, Safety and Environment Committee.

Philippe Etienne MBA, BSc (Phys) (Pharm) FAICD
Non-Executive Director

Mr Etienne joined the Company as a Non-Executive Director on 1 January 2015. He is a Non-Executive Director and Chair of Cleanaway Waste Management Limited (appointed Chair 20 September 2023) and Non-Executive Director of Aristocrat Leisure Limited. Mr Etienne is also a former Non-Executive Director of Sedgman Limited and the former Managing Director and Chief Executive Officer of Innovia Security Pty Ltd.

Previously, he was the Chief Executive Officer of Orica Mining Services and was a member of Orica Limited's Executive Committee.

Mr Etienne is a member and graduate of the Australian Institute of Company Directors. His career includes senior executive positions with Orica in Australia, the USA and Germany including strategy and planning and responsibility for synergy delivery of large scale acquisitions.

Mr Etienne is the Chair of the Health, Safety and Environment Committee and a member of the Audit, Risk and ESG Committee.

Dr Vanessa Guthrie AO, Hon DSc, PhD, BSc (Hons) FAICD
Non-Executive Director

Dr Guthrie was appointed as a Non-Executive Director on 1 October 2020. Dr Guthrie has qualifications in geology, environment, law and business management including a PhD in Geology and over 30 years' experience in the resources sector.

Dr Guthrie is currently a Non-Executive Director of Santos Limited, North American Construction Group Limited (appointed 1 March 2024), Tronox Holdings PLC (retired 21 February 2024), Orica Limited, Cricket Australia, Infrastructure Australia (retired 15 April 2024) and Chancellor of Curtin University (appointed 1 April 2024). Dr Guthrie was formerly the Lead Independent Director and Deputy Chair of Adbri Limited and a non-Executive Director of the Australian Broadcasting Corporation. She is a Fellow of the Australian Institute of Company Directors and the Academy of Technological Sciences and Engineering and the Australasian Institute of Mining and Metallurgy and holds an Honorary Doctor of Science from Curtin University. Dr Guthrie was appointed an Officer of the Order of Australia in 2021 in recognition of her contribution to the minerals and resources sector.

Dr Guthrie is a member of the Audit, Risk and ESG Committee (ceased 29 November 2023) and the Health, Safety and Environment Committee. Dr Guthrie is Chair of the Remuneration, Nomination and Community Committee (since 29 November 2023).

Grant Murdoch M COM (Hons), FAICD, FCA
Non-Executive Director

Mr Murdoch joined the Company as a Non-Executive Director on 30 October 2017. Mr Murdoch has more than 38 years of chartered accounting experience. From 2004 to 2011, Mr Murdoch led the corporate finance team for Ernst & Young Queensland and was an audit and corporate finance partner with Deloitte from 1980 to 2000. Mr Murdoch has extensive experience in providing advice in relation to mergers, acquisitions, takeovers, corporate restructures, share issues, pre-acquisition pricing due diligence advice, expert reports for capital raisings and initial public offerings.

Mr Murdoch is currently a Non-Executive Director and chair of the audit committee of Auswide Bank Ltd and was appointed Non-executive Chairman of Eagle Street Associates Pty Ltd on 1 July 2024. He was previously a director and the chair of the audit committee for OFX Limited (retired 23 February 2024), ALS Limited, Redbubble Limited and QIC. He is a senator of the University of Queensland (as well as chair of the risk committee and member of the finance committee) and an adjunct professor at the University of Queensland Business School. Mr Murdoch has a Master's degree in Commerce (Honours) from the University of Canterbury, New Zealand, is a graduate of the Kellogg Advanced Executive Program and the Advanced Leadership Program at Northwestern University. He is a fellow of both the Institute of Chartered Accountants in Australia and New Zealand and of the Australian Institute of Company Directors.

Mr Murdoch is the Chair of the Audit, Risk and ESG Committee and a member of the Nomination, Remuneration and Community Committee.

Directors' Report

Kathleen Conlon BA (Econ) (Dist.), MBA, FAICD (Retired 29 November 2023)
Non-Executive Chair

Ms Conlon was appointed as a Non-Executive Director from 1 November 2011 and retired on 29 November 2023. Ms Conlon is currently Chair and Non-Executive Director of Pilbara Minerals Ltd, Non-Executive Director of Aristocrat Leisure Limited and BlueScope Steel Limited and is a former Non-Executive Director of REA Group Limited, CSR Limited and The Benevolent Society. She is also a member of Chief Executive Women, a fellow of the Australian Institute of Company Directors (AICD) and Chairman of the AICD Corporate Governance Committee, former President of the NSW division of the AICD and a former member of the National Board of the AICD. Ms Conlon was previously Chairperson of the audit committee of the Commonwealth Department of Health. Prior to her Non-Executive Director career, Ms Conlon spent 20 years in professional consulting where she successfully assisted companies to achieve increased shareholder returns through strategic and operational improvements in a diverse range of industries.

Ms Conlon is one of the pre-eminent thought leaders in the area of operations and change management, both in Australia and globally. In 2003, Ms Conlon was awarded the Commonwealth Centenary medal for services to business leadership.

Ms Conlon was a member of the Nomination, Remuneration and Community Committee and the Health, Safety and Environment Committee.

RESIGNATIONS

Kathleen Conlon resigned as Non-Executive Chair on 29 November 2023. John Humphrey was appointed to Non-Executive Chair on the same date.

COMPANY SECRETARY

Sarah Leonard

Ms Leonard is an experienced General Counsel and a leading resources and infrastructure lawyer. She was previously the Group Legal Counsel at Monadelphous Group Limited, an ASX listed contractor in the resources sector. In that role, she was responsible for governance, compliance and regulatory matters in relation to the Group. Prior to her role as Group Legal Counsel, Sarah was a partner at Corrs Chambers Westgarth in the construction and infrastructure team.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Information about the remuneration of key management personnel is set out in the remuneration report of this Directors' Report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director of the Company.

DIRECTORS SHAREHOLDINGS

As at the date of this report, the Directors' shareholdings are consistent with the shareholdings table described in Section I(i) of the remuneration report.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the Group are:

- Integrated mining of Rare Earth minerals in Australia and minerals processing in Australia and Malaysia; and
- Development of Rare Earth deposits.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Except as disclosed in the review of operations, the factors and business risks that affect future performance and the subsequent events, there have been no significant changes in the state of affairs of the Group during the current financial year.

PERFORMANCE REVIEW

The Directors together with Management monitor the Group's overall performance including development and implementation of the strategic plan and the operating and financial performance of the Group.

REVIEW OF OPERATIONS

Financial highlights

Lynas is pleased to report a \$84.5m net profit after tax for the 2024 financial year. This was achieved in a challenging market and reflects Lynas' competitive advantage as a low cost rare earths producer and operator of the high grade Mt Weld rare earths deposit.

	FY24	FY23	Movement	
	\$m	\$m	\$m	%
Net Sales Revenue	463.3	739.3	(276.0)	(37.3)
Cost of Sales	(330.6)	(399.9)	69.3	17.3
Gross Profit	132.7	339.4	(206.7)	(60.9)
Net Profit Before Tax	105.5	347.8	(242.3)	(69.7)
Net Profit After Tax	84.5	310.7	(226.1)	(72.8)

	30 June 24	30 June 23	Movement	
	\$m	\$m	\$m	%
Cash and Short-term Deposits	523.8	1,011.2	(487.4)	(48.2)
Net Assets	2,242.8	2,163.4	79.4	3.7
Market Capitalisation	5,543.9	6,396.6	(852.7)	(13.3)

Mt Weld

Lynas Rare Earths continues to develop the Mt Weld resource to meet forecast demand growth.

During the year, Mt Weld produced sufficient concentrate to both feed the Lynas Malaysia plant and build inventory for the new Kalgoorlie Rare Earths Processing Facility.

Mining

As announced on 14 March 2024, Lynas awarded Carey Group a 5-year contract for mining services at the Mt Weld mine. The contract will draw on Carey's nearly 30 years of experience as an open pit mining contractor and leading 100% First Nations-owned business. Under this contract, Lynas has transitioned from campaign mining to continuous mining to supply ores to the expanded Mt Weld process plant.

Directors' Report

Mining operations recommenced at Mt Weld during the April quarter of FY24. Carey Group commenced onsite with the removal of waste material above the orebody. As part of our mining contract, Carey Group has brought a new fleet of equipment, including a PC1250 excavator and Komatsu 785 haul trucks.

Exploration and Resource Update

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 was successfully completed during the year, as announced on 22 January 2024. The program was designed to expand the ore body knowledge of Mt Weld by understanding the primary Rare Earth Elements mineralisation and the geology and structure of the carbonatite host deposit and was supported by our strategic partner, Japan Australia Rare Earths (JARE).

Following year end, on 5 August 2024, Lynas announced a 92% increase in Mineral Resources¹ and a 63% increase in Ore Reserves,² with a significant increase in contained Heavy Rare Earth mineralisation.

The Ore Reserve update will support:

- a >35 year mine life at production rates for sufficient concentrate feedstock for production capacity of 7,200 tpa NdPr (Neodymium Praseodymium) oxide finished product; and
- a >20 year mine life at expanded production rates for sufficient concentrate feedstock for production capacity of 12,000tpa of NdPr oxide finished product in line with Mt Weld expansion capacity (currently under construction).

Over 84,000 metres of drilling was performed since the previous Mineral Resource update in August 2018, targeting rare earth element mineral resources surrounding the open cut mine in the saprolite zone and to 200 metres below surface.

The fresh carbonatite below the weathered laterite zone was encountered in all holes to 200 metres. Monazite is the major rare earth mineral in the dolomite carbonatite whilst parisite, synchysite and bastnasite are the predominant rare earth minerals in the dolomite phoscorite and calcite carbonatite surrounding the dolomite core of the Mineral Resource area.

The Mt Weld Rare Earth Mineral Resources estimate is now 106.6 million tonnes at an average grade of 4.12% Total Rare Earth Oxide (TREO) for a total of 4.39 million tonnes of contained TREO. A Mineral Resource cut-off grade of 2.5% TREO was applied.

Compared to the August 2018 Mineral Resources estimate, the Mineral Resources has increased 92% from 55.4 Mt to 106.6 Mt and contained TREO has increased by 46% from 3.0 million to 4.39 million tonnes TREO, successfully adding resources and replacing depletion.

The Mt Weld Rare Earth Ore Reserves are now 32.0 million tonnes at 6.4% TREO for 2.0 million tonnes of contained TREO. This now includes Mt Weld processing tailings with an average 7.3% TREO.

Compared to the August 2018 Ore Reserves, the 2024 Ore Reserve:

- Ore Reserves tonnage has increased 63%;
- Average grade has reduced from 8.6% to 6.4% TREO, reflecting depletion and a revised cut-off grade;
- Contained TREO has increased 22% from 1.690 million to 2.064 million tonnes;
- Contained Dy oxide has increased 92% from 6,660 tonnes to 12,790 tonnes.

Mt Weld Expansion

The Mt Weld expansion project progressed well during the year. Stage 1 (Concentrate Dewatering) construction was completed and commissioning commenced in the June 2024 quarter. The dewatering switch room, thickener and filter circuits have been energised and the new concentrate dewatering circuit has been tied into the existing plant. Once commissioned, this will debottleneck the existing operation while the balance of the new plant is constructed. Commissioning of Stage 1 (Concentrate Dewatering) is expected to be completed by end of September 2024.

Construction of Stage 2 (Balance of Plant) continues to ramp up, with all long lead time equipment on site. Structural, mechanical and piping installation of the crushing, grinding and flotation circuits are advancing, and construction of the new Tailings Storage Facility (TSF) has commenced. Construction of Stage 2 (Balance of Plant) is now expected to be completed by the end of FY25.

¹ Mineral Resource cut-off grade of 2.5% TREO applied

² Reserves cutoff of 2.8% TREO compared to 4.0% TREO used for 2018 Reserves

Commissioning activities for Stage 2 will progress concurrently with construction as individual circuits are completed. Commissioning of the High Voltage distribution, TSF, crushing and water treatment circuits will commence in CY24, and commissioning of the grinding, flotation, leaching and reagents circuits is expected in CY25.

Subsequent to year end, on 22 July 2024 Lynas announced the signing of contracts with Zenith Energy for the supply of power from a gas-fired hybrid renewable power station at Mt Weld. The 75MW hybrid power station has been designed to deliver up to approximately 70% average annual renewable energy as well as reliable baseload thermal capability. Early works are in progress following an early works agreement signed in CY23.

It is forecast that the power station will reduce Greenhouse Gas ("GHG") emissions by approximately 60,000t CO₂-equivalent per year when compared to a diesel-only power station of equivalent size. Once fully operational, the hybrid power station will have the ability to deliver "engine off" operation, providing renewables-only power during periods of high renewable energy production.

Lynas Malaysia

Significantly for Lynas Malaysia, as announced on 24 October 2023, a variation to the Malaysian operating licence was issued which allows Lynas to continue to import and process Lanthanide Concentrate from Lynas' Mt Weld mine in Western Australia at the Lynas Malaysia facility. The amended operating licence is valid until 2 March 2026 and its receipt was a welcome confirmation that the Lynas Malaysia facility will continue full operations.

Following this, the most significant works in over a decade were successfully completed at Lynas Malaysia from mid-November to the end of the December. The works will enable a progressive uplift to separation capacity of approximately 10,500 tonnes p.a. for the NdPr family (NdPr, Nd, Pr).

These works have also enabled the reconfiguration of an existing solvent extraction circuit to produce separated Dy and Tb at Lynas Malaysia for the first time, as announced on 27 June 2024. The Dy/Tb circuit has been designed with capacity to separate up to 1,500 tonnes of SEG³ per year.⁴ First production of these two separated Heavy Rare Earths (HRE) products is targeted for the 2025 calendar year and the new products will complement Lynas' existing Light Rare Earths product range.

Lynas' HRE product range will increase to 5 products: Dy; Tb; unseparated Samarium/Europium/Gadolinium (SEG); Holmium concentrate; and unseparated Samarium/Europium/Gadolinium/Holmium (SEGH). Front end engineering design (FEED) has been completed and detailed engineering design is underway, with commissioning and ramp up expected in mid-CY2025. The approximately \$25 million CAPEX for this project will be accommodated within the previously disclosed Lynas Malaysia Industrial Plan.

Ready for sale production of NdPr decreased by 8% during the year compared to FY23. While FY23 included two record production quarters, FY24 production was affected by the 6 week works shutdown in the December quarter, disturbances to the global shipping industry that resulted in delayed concentrate deliveries in the June quarter, and a maintenance shutdown required in the June quarter when the main bearings on one of the kilns failed.

Despite these challenges, circuits have been reconfigured for 9,000 tonnes per annum NdPr production capacity with ramp up in progress. The process performance modifications undertaken at Lynas Malaysia to progressively work towards 10,500 tonnes per annum NdPr production capacity are on track.

Construction of the Permanent Disposal Facility (PDF) for WLP residue from the Lynas Malaysia plant is ongoing. Construction of the first two cells is complete while work on the remaining cells continues. The first cell has now been filled with WLP residues.

Kalgoorlie

Following final commissioning activities, production of Mixed Rare Earth Carbonate (MREC) commenced in the June 2024 quarter and the first shipment of MREC was dispatched to Lynas Malaysia.

The ramp up of the Kalgoorlie facility continues as planned, and is being aligned with increased production at Mt Weld and Lynas Malaysia and with market demand.

On 12 July 2024, Lynas provided an update on acid supply arrangements for Kalgoorlie following the announcement by BHP on 11 July 2024 that BHP's Western Australia Nickel operations will be temporarily suspended from October 2024.

³ SEG³ is a mixed Heavy Rare Earth compound containing mixed Samarium, Europium, Gadolinium, Holmium, Dysprosium and Terbium

⁴ The circuit separation capacity figure relates to engineering designed infrastructure nameplate capacity only and is not, nor is it intended to be, a 'production target' for the purposes of Chapter 5 of the ASX Listing Rules

Lynas has a contract with BHP Nickel West for the supply of Sulphuric Acid to the Kalgoorlie Rare Earth Facility from either the Kalgoorlie nickel smelter or imported sources. BHP's ability to supply acid from the Kalgoorlie nickel smelter will be affected by BHP's announcement and in line with the terms of the supply contract, BHP has affirmed its commitment to using reasonable efforts to supply imported acid to Lynas. Lynas and BHP have been working together on contingencies for continued acid supply to Kalgoorlie.

Lynas USA

As announced on 1 August 2023, Lynas signed a follow on contract with the United States (U.S.) Department of Defense (DoD) for the construction of the Heavy Rare Earths component of the Lynas U.S. Rare Earths Processing Facility.

Detailed engineering, procurement and approvals activities continued for our U.S. Rare Earths Processing Facility. As previously disclosed, the federal NEPA environmental approval process was successfully concluded in January 2024, with the issuance of a "Finding of No Significant Impact." Subsequently a further permitting issue has arisen related to wastewater management. It is unlikely this issue will be resolved prior to the end of 2024 and earthworks which were previously planned to commence in 2024 will be delayed until the matter is resolved.

Malawi deposit

Since fiscal year 2012, no further capital investment has been made on the Kangankunde Rare Earths resource development in Malawi and the project remains on hold while the Malawi deposit remains the subject of an ongoing title dispute. As announced on 22 January 2019, the Malawi government has purported to cancel the Group's Malawi mining lease and the Group has initiated judicial review proceedings in the Malawi courts challenging that decision.

Health, Safety and Environment

Lynas is committed to ensuring the Group's operations in Australia and Malaysia are consistent with national and international safety and sustainability best practice.

The 12-month rolling lost time injury frequency rate as at 30 June 2024 was 1.04 per million hours worked (June 2023: 1.2 per million hours worked). In addition, the 12-month total recordable injury frequency rate at 30 June 2024 was 5.0 per million hours worked (June 2023: 3.2 per million hours worked). Pleasingly, the lost time frequency rate has decreased, however restricted work injuries have risen over the period. This will be a focus of our health and safety programs in FY25.

The annual ISO surveillance audits were conducted at Mt Weld and Lynas Malaysia during the year and both sites were recertified for ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management) and ISO 45011:2018 (Occupational Health and Safety Management). These sites have been certified since 2012.

During the period, Lynas Malaysia was honoured to be named as Best License Holder for Control Category 4 2021-2023, by the Malaysian Department of Atomic Energy (AELB). This award recognises Lynas Malaysia's excellent materials management practices and the achievement of "Very Satisfactory" ratings in all safety audits (the highest rating) and excellent record of regulatory compliance.

FINANCIAL AND OPERATIONAL PERFORMANCE

Sales volume, revenue and costs

Sales by tonnage and value		FY24	FY23	FY22	FY21	FY24 Percentage change
Sales volume	(REOt)	12,158	16,014	15,263	16,405	(24%)
Cash receipts from customers	(A\$m)	460.8	820.8	855.0	465.4	(56%)
Sales revenue	(A\$m)	463.3	739.3	920.0	489.0	(37%)
Average selling price	(A\$/kg)	38.1	46.2	60.3	29.8	(18%)
Cost of sales	(A\$m)	(330.6)	(399.9)	(348.4)	(302.2)	17%

Market prices

The average China domestic price of NdPr (VAT excluded) decreased from US\$60.4/kg in June 2023 to US\$44.0/kg in June 2024. Future market price trends continue to depend on end product demand (in particular in the automotive industry).

Prices for standard La and Ce products were very low. The marginal cost of producing these materials exceeded the potential achieved prices. Production (and sales) of these materials were reduced during FY24 to optimise cost performance.

There have been positive movements in the NdPr market price since May 2024, however, Lynas has continued to focus on fulfilling contracted customer requirements and maintained our strategy of not selling into the spot market. An improvement in our average selling price was achieved towards the end of FY24 by managing the timing of sales, especially for Heavy Rare Earths where pricing was particularly volatile.

Production volumes

Production volumes		FY24	FY23	FY22	FY21	FY24 Percentage change
Ready for sale production volume total	(REOt)	10,908	16,780	15,970	15,761	(35%)
Ready for sale production volume NdPr	(REOt)	5,655	6,142	5,880	5,461	(8%)

Ready for sale production of NdPr decreased by 8% in FY24 vs FY23. While FY23 included record production volumes in the March and June quarters, lower production in FY24 was driven by major works undertaken in the December quarter and shipping delays and a maintenance shutdown on one of the kilns in the June quarter.

Whilst NdPr production decreased by 8%, total costs reduced by 17% in FY24 vs FY23, a reflection of the continued focus on capturing efficiencies across the business.

Cash and cash flows

	FY24 A\$m	FY23 A\$m
Net operating cash inflows	35.0	386.8
Net investing cash outflows	(507.2)	(554.5)
Net financing cash (outflows)/inflows	(22.5)	199.0
Net cash flows	(494.8)	31.3
Impact of foreign exchange	7.4	14.4
Cash and cash equivalents	523.8	1,011.2

Operating cash flows remained positive despite the lower selling prices across the year. These operating cash flows include the payment of \$26.9m to GSSB to construct and manage the Malaysian PDF project and payments of income taxes of \$50.8m, primarily related to FY23 and FY24 instalment payments. Net investing cash outflows included the ongoing payments for property, plant and equipment in relation to the Kalgoorlie Rare Earths Processing Facility and Mt Weld Expansion projects. Finance cash outflows include US\$7.0m (A\$10.4m) of principal repayments made on the JARE loan facility in line with the loan agreement.

Capital Expenditure

Capital expenditure is expected to be approximately \$400 - \$500 million in FY25 for sustaining capital and major growth projects.

This includes expenditure in respect of:

- the Mt Weld expansion project to increase concentrate feedstock;
- the Lynas Malaysia industrial plan, including increased processing capacity and the introduction of a new DyTb separation circuit;
- sustaining capital increases and preventative maintenance;
- other ongoing operational capital expenditure across all Lynas sites; and
- operating costs that are capitalised in accordance with normal accounting principles.

As at 30 June 2024, the capital commitments were \$152 million, primarily related to the Mt Weld Expansion Project.

Debt and Capital

	FY24 A\$m	FY23 A\$m
JARE loan	171.8	177.4
Total borrowings	171.8	177.4
Financial income	39.8	36.4
Financial expenses	(9.6)	(4.0)

US\$7.0m (A\$10.4m) of principal repayments were made on the JARE facility. The financial income continued to be strong as a result of increasing interest rates, offset by a decrease in underlying cash balances. Financial expenses have increased as a result of increasing unwinding of the discounting of the restoration liabilities. During the year, \$12.1m (FY23: \$12.7m) of finance expenses have been capitalised into the Kalgoorlie Rare Earths Processing Facility and Mt Weld Expansion projects. There have been no changes to the interest rate on the JARE facility during the period.

During the year ended 30 June 2024, the Company issued shares as shown below:

	Number (000's)
Shares on issue 30 June 2023	933,815
Issue of shares pursuant to exercised performance rights	903
Shares on issue 30 June 2024	934,718

Performance rights

At 30 June 2024, the Company had the following options and performance rights on issue:

	Number (000's)
Performance rights	3,619

Earnings per share

For the year ended 30 June	FY24	FY23
Basic earnings per share (cents per share)	9.04	34.05
Diluted earnings per share (cents per share)	9.01	33.92

Dividends

There were no dividends declared or paid during the year ended 30 June 2024 (2023: nil) and no dividends have been declared or paid since 30 June 2024.

Risk management

The Group takes a proactive approach to risk management. The Directors are responsible for ensuring that risks and opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with these risks and opportunities.

The Group believes it is crucial for Directors to be part of this process, and has an established Audit, Risk and ESG Committee and a Health, Safety and Environment Committee.

Lynas Rare Earths has a Risk Management Policy and a Risk Management Framework for oversight and management of material business risks.

FACTORS AND BUSINESS RISKS THAT AFFECT FUTURE PERFORMANCE

Lynas operates in a changing environment and is therefore subject to factors and business risks that will affect future performance.

We identify risks, then evaluate the inherent risk of an activity and the mitigation required. Risk assessments are updated by operations and management and reported to the Board of Directors.

In FY24, Lynas continued to enhance risk management systems and processes, including by engaging external subject matter experts.

Set out below are the principal risks and uncertainties that could have a material effect on Lynas' future results, both operationally and financially. It is not possible to determine the likelihood of these risks occurring with any certainty. In the event that one or more of these risks materialise, Lynas' reputation, strategy, business, operations, financial condition and future performance could be materially and adversely affected. There may also be other risks that are currently unknown or are deemed immaterial, but which may subsequently become known and/or material. These may individually or in aggregate adversely affect Lynas.

1. Operational risks

1.1 Rare earth prices

Lynas' revenue is affected by market fluctuations in Rare Earth prices. This is because the product prices used in the majority of Lynas' sales are calculated by pricing formulae that reference published pricing for various Rare Earths materials. The market price has been volatile in the past because it is influenced by numerous factors and events that are beyond the control of Lynas. These include:

- **Supply side factors:** Supply side factors are a significant influence on price volatility for Rare Earth materials. Supply of Rare Earth materials is dominated by Chinese producers. The China Central Government regulates production via quotas and environmental standards. Over the past few years, there has been significant restructuring of the Chinese market in line with China Central government policy. However, periods of restricted supply, over supply or speculative trading of Rare Earths can lead to significant fluctuations in Rare Earth pricing.
- **Demand side factors:** Demand side factors are also a significant influence on price volatility for Rare Earth materials. Demand for end-products that utilise Lynas' Rare Earths including internal combustion vehicles, hybrid vehicles, electric vehicles and electronic devices fluctuates due to factors including global economic trends, regulatory developments and consumer trends.
- **Geopolitical factors:** Recently Rare Earths have been the focus of significant attention, including as a result of supply chain issues highlighted by the COVID-19 pandemic.

The table below illustrates how China domestic prices of NdPr (excluding VAT) have fluctuated over FY24:

	September 2023 Quarter	December 2023 Quarter	March 2024 Quarter	June 2024 Quarter
US\$/kg	59	60	47	46

Lynas' approach to reducing pricing volatility for its customers includes:

- Promoting fixed pricing to some customers, set for periods relevant to customer operations;
- Developing long term contracts that aim to reduce price variations for end users and OEMs such as car makers and wind turbine manufacturers.

Lynas achieved a small price premium compared to the NdPr market price, supported by:

- Sustained demand from the Japanese market and selected customers in China;
- The recognition by the market that Lynas is now well established as the only supplier of scale of separated Rare Earths outside China;
- End users placing more importance on being able to trace the origin of rare earths from an ethical and environmentally responsible source of production to their end products, which Lynas can provide.

Strong Rare Earth prices, as well as real or perceived disruptions in supply, may create economic incentives to identify or create alternate technologies that ultimately could depress future long-term demand for Rare Earths. This may, at the same time, incentivise the development of additional mining properties to produce Rare Earths. If industries reduce their reliance on Rare Earth products, the resulting change in demand could have a material adverse effect on Lynas' business. In particular, if prices or demand for Rare Earths were to decline, this could impair Lynas' ability to obtain financing for current or additional projects and its ability to find purchasers for its products at prices acceptable to Lynas.

It is impossible to predict future Rare Earths price movements with certainty. Any sustained low Rare Earths prices or further declines in the price of Rare Earths, including as a result of periods of over-supply and/or speculative trading of Rare Earths, will adversely affect Lynas' business, results of operations and its ability to finance planned capital expenditures, including development projects.

1.2 Market competition

Lynas Rare Earths supply contracts and profits may be adversely affected by the introduction of new mining and separation facilities and any increase in competition in the global Rare Earths market, either of which could increase the global supply of Rare Earths. If this is at a rate faster than demand growth it could potentially lead to lower prices.

1.3 Exchange rates

Lynas is exposed to fluctuations in the US dollar as all sales are denominated in US dollars. Lynas borrows money and holds a portion of cash in US dollars, which provides Lynas with a partial natural hedge. Accordingly, Lynas' income from customers, and the value of its business, will be affected by fluctuations in the rate by which the US dollar is exchanged with the Chinese Renminbi and the Australian dollar.

Lynas is exposed to fluctuations in the Malaysian ringgit (MYR), which is the currency that dominates Lynas' cash operating outflows in Malaysia. In addition, Lynas holds significant non-current assets in Lynas Malaysia assets which are denominated in MYR.

Adverse movements in the Australian dollar against the US dollar and the MYR may have an adverse impact on Lynas' financial position and operating results. The following table shows the average USD/AUD and MYR/AUD exchange rates over the past five years:

	30 June 2024	30 June 2023	30 June 2022	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$
USD/AUD	\$0.6556	\$0.6760	\$0.7258	\$0.7468	\$0.6714
MYR/AUD	\$3.0783	\$3.0688	\$3.0698	\$3.0806	\$2.8233

In-China market prices for Rare Earths are denominated in the Chinese Renminbi. A devaluation in the Chinese Renminbi would increase attractiveness in Chinese exports and China's internal supply. Fluctuation in the Chinese Renminbi against the US Dollar therefore also increases the foreign exchange exposure on Lynas.

1.4 Operational and development risks

Lynas' operations and development activities could be affected by various unforeseen events and circumstances, such as hazards in exploration, the ability of third parties to meet their commitments in accordance with contractual arrangements, and the delivery and grades of ore and performance of processing facilities at design specification. Factors such as these may result in increased costs, lower production levels and, following on from that, lower revenue levels. Any negative outcomes flowing from these operational risks could have an adverse effect on Lynas' business, financial condition, profitability and performance.

1.5 Nature of mining

Mineral mining involves risks, which even with a combination of experience, knowledge and careful evaluation may not be able to be fully mitigated. Mining operations are subject to hazards normally encountered in exploration and mining. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment, which may cause a material adverse impact on Lynas' operations and its financial results. Projects may not proceed to plan with potential for delay in the timing of targeted output, and Lynas may not achieve the level of targeted mining output. Mining output levels may also be affected by factors beyond Lynas' control.

1.6 Mineral and ore reserves

No assurance can be given that the anticipated tonnages and grades of ore will be achieved during production or that the anticipated level of recovery will be realised. Mineral resource and ore reserve estimates are based upon estimates made by Lynas personnel and independent consultants. Estimates are inherently uncertain and are based on geological interpretations and inferences drawn from drilling results and sampling analyses. There is no certainty that any mineral resources or ore reserves identified by Lynas will be realised, that any anticipated level of recovery of minerals will be realised, or that an identified ore reserve or mineral resource will be a commercially mineable (or viable) deposit which can be legally and economically exploited.

Further, the grade of mineralisation which may ultimately be mined may differ materially from what is predicted. The quantity and resulting valuation of ore reserves and mineral resources may also vary depending on, amongst others, metal prices, cut-off grades and estimates of future operating costs (which may be inaccurate). Production can be affected by many factors. Any material change in the quantity of ore resources, mineral reserves, grade, or stripping ratio may affect the economic viability of any project undertaken by Lynas.

Lynas' estimated mineral resources and ore reserves should not be interpreted as assurances of commercial viability or potential or of the profitability of any future operations. Investors should be cautioned not to place undue reliance on any estimates made by Lynas. Lynas cannot be certain that its mineral resource and ore reserve estimates are accurate and cannot guarantee that it will recover the expected quantities of metals. Future production could differ dramatically from such estimates for the following reasons:

- actual mineralisation or Rare Earth grade could be different from those predicted by drilling, sampling, feasibility or technical reports;
- increases in the capital or operating costs of the mine;
- decreases in Rare Earth oxide prices;
- changes in the life-of-mine plan;
- the grade of Rare Earths may vary over the life of a Lynas project and Lynas cannot give any assurances that any particular mineral reserve estimate will ultimately be recovered; or
- metallurgical performance could differ from forecast.

The occurrence of any of these events may cause Lynas to adjust its mineral resource and reserve estimates or change its mining plans. This could negatively affect Lynas' financial condition and results of operations. Moreover, short-term factors, such as the need for additional development of any Lynas project or the processing of new or different grades, may adversely affect Lynas.

Lynas reports its mineral resources and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code").

1.7 Processing operations

Lynas' operations are subject to the operating risks associated with Rare Earth processing, including performance of processing facilities, and the related risks associated with storage and transportation of raw materials, products and residues. These operating risks have the potential to cause personal injury, property damage and environmental contamination, and may result in the shutdown of affected facilities and in business interruption and the imposition of civil or criminal penalties, and negatively impact the reputation of Lynas.

The hazards associated with Lynas' mining and processing operations and the related storage and transportation of products and residues include:

- pipeline and storage tank leaks and ruptures;
- explosions and fires;
- mechanical failures; and
- chemical spills and other discharges or releases of toxic or hazardous substances or gases.

These hazards may cause personal injury and loss of life, damage to property and contamination of the environment, which may result in suspension of operations and the imposition of civil or criminal penalties, including fines, expenses for remediation and claims brought by governmental entities or third parties. Although Lynas has detailed and closely managed plans to mitigate these risks and maintains property, business interruption and casualty insurance of types and in the amounts that it believes is customary for the chemicals industry, Lynas is not fully insured against all potential hazards incidental to its businesses.

1.8 Availability of key inputs, including water

The Mt Weld Concentration Plant, the Lynas Malaysia Plant and the Kalgoorlie Rare Earth Processing Facility rely on the ready availability of key inputs, including chemical reagents, water, electricity and gas. Any inability of Lynas to obtain such inputs in sufficient quantities on a timely basis could materially adversely affect Lynas' operations. For example, the insolvency of key suppliers may adversely affect the availability of chemical reagents. In addition, the water supply to the Mt Weld Concentration Plant is primarily sourced from a local aquifer supplemented by recycling, the water supply to the Lynas Malaysia plant is primarily sourced from the local Kuantan water supply infrastructure, supplemented by recycling and the supply to the Kalgoorlie Rare Earth Processing Facility is primarily sourced under a water supply agreement for recycled grey water from the City of Kalgoorlie-Boulder. Reductions in water availability from those sources or failures of infrastructure could materially adversely affect the availability of water to the Lynas operations, notwithstanding the investment in water recycling in Western Australian operations, for example due to climate-related changes in weather patterns, such as extreme precipitation or increased drought or failures of infrastructure.

1.9 Supply chain and counterparty risk

Lynas is dependent on contractors and suppliers to supply vital goods and services to its operations, including shipping logistics and the supply of chemicals and other materials. Lynas is therefore exposed to the possibility of adverse developments in the business environments of its contractors and suppliers, including in respect of the ability of those contractors and suppliers to meet their commitments under sales contracts. Any disruption to services or supplies may have an adverse effect on Lynas' financial business and financial condition.

1.10 Attraction and retention of skilled personnel

Attraction and retention of skilled personnel is important to Lynas' operations and its further growth.

In addition, industrial and labour disputes, work stoppages and accidents, and logistical and engineering difficulties may also have an adverse effect on Lynas' profitability and share price.

1.11 Customer risks

Lynas' revenue is dependent on continuing sales to its key customers, many of whom require delivery to specific timetables of products that comply with detailed specifications. The loss of key customers could significantly affect Lynas' business, for example due to disputes with customers, customers switching to other suppliers or technologies, or customer businesses being adversely affected by events outside the control of Lynas, including customer insolvency or declining markets for the end-products of customers.

1.12 Industry trends, including changes in technology

Changes in technology, including switches to renewable energy sources, present both opportunities and risks to the Lynas business. As technologies and consumer trends continue to evolve, new competing technologies may emerge that may reduce demand for Lynas Rare Earth products. Any significant trends away from technologies that utilise Lynas Rare Earths products could materially adversely affect the Lynas business.

1.13 Project development risks

Lynas is undertaking significant and complex construction projects, primarily related to the new Rare Earths Processing Facility in Kalgoorlie, the Mt Weld Expansion project near Laverton, and the planned Lynas U.S. Rare Earths Processing Facility in Texas. Construction projects are subject to numerous risks, many of which are outside the control of Lynas, including project delays and cost overruns, disputes with contractors, insolvency of contractors, problems with design, delays in commissioning or ramp-up and new facilities not performing in accordance with expectations.

2. Regulatory, legal and environmental risks

2.1 General regulatory risks

Lynas' business is subject, in each of the countries in which Lynas operates, to various national and local laws and regulations relating to the mining, production, marketing, pricing, transportation and storage of Lynas' products and residues. A change in the legislative and administrative regimes, taxation laws, interest rates, and other legal and government policies may have an adverse effect on the assets, operations and ultimately the financial performance of Lynas and the market price of Lynas shares. Other changes in the regulatory environment (including applicable accounting standards) may have a material adverse effect on the carrying value of material assets or otherwise have a material adverse effect on Lynas' business and financial condition.

2.2 Licences, permits, approvals, consents and authorisations

Lynas' mining and production activities are dependent on the granting and maintenance of appropriate licences, permits, approvals, and regulatory consents and authorisations (including those related to interests in mining tenements and those related to the operation of the Lynas plants in Australia and Malaysia), which may not be granted or may be withdrawn or be made subject to limitations at the discretion of government or regulatory authorities. Although such licences, permits, approvals and regulatory consents and authorisations may be granted, continued or renewed (as the case may be), there can be no assurance that such licences, permits, approvals and regulatory consents and authorisations will be granted, continued or renewed as a matter of course, or as to the terms of renewals or grants, including that new conditions, or new interpretations of existing conditions, will not be imposed in connection therewith. Whether such licences, permits, approvals and regulatory consents and authorisations may be granted, continued or renewed (as the case may be) often depends on Lynas being successful in obtaining the required statutory approvals for proposed activities. If there is a failure to obtain or retain the appropriate licences, permits, approvals and regulatory consents and authorisations, or if there is a material delay in obtaining or renewing them or they are granted subject to onerous conditions or withdrawn, then Lynas' ability to conduct its mining and production activities may be adversely affected.

2.3 Political risks and government actions

Lynas' operations could be affected by government actions in Australia, Malaysia, USA and other countries or jurisdictions in which it has interests. Lynas is subject to the risk that it may not be able to carry out its operations as it intends, including because of a change in government, legislation, guidelines, regulation or policy, including in relation to the environment, the Rare Earths sector, competition policy, native title and cultural heritage. Such changes could affect land access, the granting of licences and other tenements, the approval of developments and freedom to conduct operations.

The possible extent of introduction of additional legislation, regulations, guidelines or amendments to existing legislation that might affect Lynas' business is difficult to predict. Any such government action may require increased capital or operating expenditures and could prevent or delay certain operations by Lynas, which could have a material adverse effect on Lynas' business and financial condition.

Lynas also may not be able to ensure the security of its assets located outside Australia, and is subject to risks of, among other things, loss of revenue, property and equipment as a result of hazards such as expropriation, war, insurrection and acts of terrorism and other political risks and increases in taxes and government royalties. The effects of these factors are difficult to predict and any combination of one or other of the above may have a material adverse effect on Lynas' business and financial position.

2.4 Malaysian regulatory matters

Without limiting the generality of the risks specified above in this section, as announced on 24 October 2023, Lynas Malaysia was issued with a variation to its operating licence which allows Lynas to continue to import and process Lanthanide Concentrate from Lynas' Mt Weld mine in Western Australia at the Lynas Malaysia facility. The amended operating licence is valid until 2 March 2026. Under this operating licence, Lynas Malaysia will commit to increasing its existing research and development (R&D) investment in Malaysia from 0.5% to 1% of Lynas Malaysia's gross sales. The R&D program will be overseen by the Malaysian Atomic Energy Licensing Board (AELB) and will be directed towards developing methods for removal of naturally occurring radioactive material (NORM) from residues. Lynas will manage the R&D investment funds and dedicate senior scientists to progress developments alongside researchers from leading Malaysian institutions.

To the extent that Lynas does not, or is unable to, comply with relevant licence conditions including the key conditions specified above, and/or comply with licence conditions within the timeframes prescribed, then Lynas' licences and approvals may be revoked. Government action, including legal action, may be also taken by or at the direction of the Malaysian government in order to ensure that the terms and conditions of Lynas' licences and approvals are complied with to levels satisfactory to, and within the timeframes prescribed by, the Malaysian government.

2.5 Environmental risks

Lynas' activities are subject to extensive laws and regulations controlling not only the mining of, exploration for and processing of Rare Earths, but also the possible effects of such activities upon the environment and interests of local communities. In the context of obtaining environmental permits, including the approval of reclamation plans, Lynas must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. With increasingly heightened government and public sensitivity to environmental sustainability, environmental regulation is becoming more stringent, and Lynas could be subject to increasing environmental responsibility and liability, including laws and regulations dealing with air quality,

water and noise pollution and other discharges of materials into the environment, plant and wildlife protection, the reclamation and restoration of certain of its properties, greenhouse gas emissions, the storage, treatment and disposal of residues and the effects of its business on the water table and groundwater quality.

Sanctions for non-compliance with these laws and regulations may include administrative, civil and criminal penalties, revocation of permits and corrective action orders. These laws sometimes apply retroactively. In addition, a party can be liable for environmental damage without regard to that party's negligence or fault. Given the sensitive nature of this area, Lynas may be exposed to litigation and foreseen and unforeseen compliance and rehabilitation costs despite its best efforts.

2.6 Climate change risks

Climate change and the rapidly evolving response to it may lead to a number of risks, including but not limited to transition risk such as:

- Increased political, policy and legal risks (e.g. the introduction of regulatory changes aimed at reducing the impact of, or addressing climate change, including reducing or limiting carbon emissions);
- Increased capital and operational costs, including increased costs of inputs and raw materials; and
- Technological change and reputational risks associated with Lynas' conduct.

Climate change may also result in more extreme weather events and physical impacts which may affect Lynas' operating sites, people and/or Lynas' contractors and suppliers' ability to supply vital goods and services to its operations, including shipping logistics.

Further information on climate related risks and related actions are outlined in Climate Related Financial Disclosures below.

2.7 Disposal of residues

At the Mt Weld Mine and Concentration Plant, the Lynas Malaysia Plant, and the new Lynas Kalgoorlie Rare Earths Processing Plant, Lynas operations generate/will generate residue materials in the form of solids, liquids and gases. Lynas has appropriate plans in place for the treatment, sale or disposal of each of those residues. Failure to implement those plans could have a material effect on Lynas' licensing conditions and may adversely affect its operations.

2.8 Community acceptance and reputation

Lynas recognises that a strong mutual relationship with each community in which it operates is a pre-condition to successful operations. Failure to maintain those relationships and the acceptance by those communities may have an adverse effect on Lynas' operations.

In addition, Lynas recognises the importance of maintaining its reputation with its stakeholders including shareholders, regulatory authorities, communities, customers and suppliers. Failure to maintain its reputation with some or all stakeholders may have a negative effect on the future performance of Lynas.

2.9 Legal action

It is possible that, Lynas could be exposed to litigation or proceedings, either from shareholders, financiers, regulators or members of the communities in which Lynas operates.

2.10 Health and safety

Lynas is subject to extensive laws and regulation in respect of the health and safety of its people and communities, and the protection and rehabilitation of the environments within which it operates. Lynas must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the implementation of the regulations by the permitting authority.

2.11 Tax risks

Lynas is subject to taxation and other imposts in Australia, Malaysia and other countries or jurisdictions in which it has interests. In addition to the normal level of income tax imposed on all industries, companies in the resources sector are required to pay government royalties, direct and indirect taxes and other imposts. The profitability of companies in these industries can be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Lynas operates, may affect the tax liabilities of Lynas.

3. Financial risks

3.1 Debt facilities and covenants

Lynas has financing arrangements in place which are subject to acceleration and enforcement rights in the event of a default. To date, the Japan Australia Rare Earths B.V. (JARE) loan facility has been secured over all the assets of Lynas, other than Malaysia and Malawi assets.

Enforcement may involve enforcement of security over the assets of Lynas and its material subsidiaries, including appointing a receiver. The principal amount of the JARE facility was US\$130m as at 30 June 2024. The principal amount will be due for repayment in fixed loan repayments between 31 December 2024 and 30 June 2030.

In the event significant uncertainty arises in relation to Lynas' ability to fully repay, refinance or reschedule the outstanding balances of the JARE loan facility by the maturity date of 30 June 2030, Lynas' ability to continue as a going concern may also be affected.

In addition, Lynas' existing debt facilities are subject to a range of covenants. A failure to comply with any of these debt covenants may require Lynas to seek amendments, waivers of covenant compliance or alternative borrowing arrangements. There is no assurance that its lenders would consent to such an amendment or waiver in the event of non-compliance, or that such consent would not be conditional upon the receipt of a cash payment, revised payout terms, increased interest rates, or restrictions in the expansion of debt facilities in the foreseeable future, or that its lenders would not exercise rights that would be available to them, including among other things, calling an event of default and demanding immediate payment of outstanding borrowings. If such a demand was made and appropriate forbearance or refinance arrangements could not be reached, Lynas may not have sufficient available funds to meet that demand.

3.2 Funding risk

Lynas' existing debt facility agreements restrict its ability to incur further debt except in certain circumstances. Should Lynas experience a protracted decline in earnings, there is a possibility that the quantum of debt and/or equity funding available to Lynas would not be sufficient to execute its strategy (including its development of large scale projects) which could have a negative impact on the future financial performance or position of Lynas.

4. General risks

4.1 General economic conditions

Lynas' operating performance and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates, exchange rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates or decrease in consumer and business demand, could be expected to have an adverse impact on Lynas' business, results of operations or financial condition and performance.

4.2 Accounting standards

Accounting standards may change. This may affect the reporting earnings of Lynas and its financial position from time to time. Lynas has previously and will continue to assess and disclose, when known, the effect of adopting new accounting standards in its periodic financial reporting.

4.3 Force majeure events

Events may occur within or outside Lynas' key markets that could affect global economies and the operations of Lynas. The events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, changes in weather patterns or other severe weather events, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on market conditions, the demand for Lynas' product offering and services and Lynas' ability to conduct business.

4.4 Cyber security

Cyber security risks are increasing in the external environment. Cyber security risks include computer viruses targeting IT systems, unauthorised access, cyber-attack (either targeted at Lynas for financial gain or due to geopolitical matters), social media disinformation campaigns, penetration of Lynas systems (including through attacks on Lynas' suppliers) and other similar matters. A cyber event may lead to adverse impacts on Lynas' operations and financial performance.

5. Climate-related Financial Disclosures

Lynas has adopted the voluntary Task Force on Climate-related Financial Disclosure (TCFD) framework for climate-related reporting since FY20. This framework focuses on four key areas: Governance, Strategy, Risk Management and Metrics and Targets.

5.1 Climate Governance

ESG, including climate-related risks and opportunities, is overseen by the Board on recommendations from the Audit, Risk & ESG Committee and the executive. At an executive level, the Lynas Leadership Team is responsible for ESG strategy and oversight, including climate-related risks and opportunities.

In FY24, key initiatives undertaken to enhance climate-related governance included:

- Updating the Charter of the Audit, Risk & ESG Committee of the Lynas Rare Earths Board of Directors to include the Committee's role in relation to climate change, greenhouse gas reduction targets and initiatives and any associated public or statutory reporting.
- Updating the Lynas Rare Earths Climate Change Policy to reference our commitment to Net Zero 2050.
- Engaging external experts to review FY24 climate-related risks and opportunities.
- Establishing a cross-site Climate Working Group to identify and monitor operational activities in line with Lynas' Climate Change Policy and provide reporting for informed decision making.
- Commencing procurement for a whole of company GHG data management system to enhance data consistency and verification processes.
- Continuing R&D and external engagement, including product innovation on catalysts for the hydrogen value chain in conjunction with customers, partners and academic institutions.

In addition, Lynas has been actively monitoring emerging climate disclosure frameworks including:

- IFRS S1 standard for general sustainability-related financial disclosures
- IFRS S2 standard for climate-related financial disclosures (which builds on the foundation of the TCFD)
- Draft Australian Sustainability Reporting Standard ASRS1: General requirements for disclosure of climate-related financial information
- Draft Australian Sustainability Reporting Standard ASRS2: Climate-related financial disclosures
- Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024

Lynas is preparing to report against the new Australian mandatory climate-related financial reporting regime once in force.

5.2 Climate Strategy

In FY24, Lynas updated and implemented strategies to address material climate-related issues. This included the following strategies and actions:

Action Areas	Operating site	Strategy	FY24 Progress
Transition Actions Reduce reliance on fossil fuels	Malaysia	Install on site solar panels	Installation of 0.75MW solar panels progressed at Lynas Malaysia; awaiting long lead items for project finalisation in CY2024.
	Mt Weld, WA	Commence early works and finalise contract for gas-fired hybrid renewable power station	Early works commenced following contract awarded in 2023; contract for supply of power from approx. 65 MW gas-fired hybrid renewable power station finalised and contract signed 22 July 2024. Designed to deliver up to approx. 70% average annual renewable energy as well as reliable baseload thermal capability, it is forecast to reduce GHG emissions by approximately 60,000t CO2-equivalent per year compared to a diesel-only power station of equivalent size.
Increase production capacity to meet forecast demand growth for rare earths	Mt Weld, WA	Mt Weld exploration program and capacity expansion to increase concentrate feedstock production	Successfully completed Mt Weld exploration program (as announced 22 January 2024). Mt Weld capacity expansion project Stage 1 (Concentrate Dewatering) construction completed and commissioning commenced. Once commissioned, it will debottleneck the existing operation while the balance of the new plant is constructed.
Physical Actions Prepare for potential extreme weather events	Mt Weld, WA	Prepare for potential severe rain or flooding event	Flood protection barrier constructed in FY23 in operation during extreme weather events in early CY2024.
Invest in water recycling and identification of new water sources	Mt Weld, WA	Increase recycled water use and identify additional water supply	Progressed \$30m investment in state of the art water recycling facility to increase the percentage of tailings water recycled from approximately 30% to up to approximately 90%.

5.3 Climate Risk Management

Climate-related risks and opportunities are considered as part of business strategy and planning. The Lynas risk management framework includes the identification, assessment and management of climate-related risks.

Lynas has identified preventative and mitigating controls to material physical site-based risks and controls have been integrated into operational risk management practices.

Lynas' leadership team takes a holistic view of transitional risks as these are generally applicable throughout the Group.

The Lynas Rare Earths business model is aligned for growth under 'transition' scenarios as the Group produces materials used in clean technologies. Significant growth in demand for rare earth materials, driven by a significant ramp up in demand for clean energy technologies that include wind turbines, electric vehicles and electric motors more broadly, translate into material upside opportunity for Lynas Rare Earths in future scenarios where more ambitious action to address climate change occurs. While transition scenarios do present some general business risks, including future high carbon prices and the prospect of new innovations changing demand for rare earth materials, it is likely that material upside opportunities exist for Lynas Rare Earths under most transition scenarios, particularly in light of the Group's established operations and growth plan.

- While Lynas' assessment of climate-related risks and opportunities did not have a material impact for the year ended 30 June 2024, this may change in future periods as Lynas updates its assessments. Material climate-related risks and opportunities are outlined below.

Transition Risks

- Current reliance on fossil fuels and investment required to transition to cleaner energy sources.
- Existing and emerging regulatory requirements: Increased political, policy and legal risks such as the introduction of regulatory changes to reduce or limit Greenhouse Gas emissions.
- Costs: Increased capital and operational costs including higher cost inputs and raw materials; investment in new low emissions technologies; cost of complying with changes to emissions regulations; potential for high future carbon prices.
- Technology: Technological changes to address the effects of climate change that may result in decreased demand for Lynas' products; the emergence of lower cost or lower emissions competitors of either rare earth products; or alternative technologies.
- Reputation: Reputational risks associated with Lynas' conduct or changing community expectations.

Transition Opportunities

- Demand for rare earth materials is forecast to accelerate from current levels to 2035. Increased demand is expected under projections based on current policy scenarios – and stronger growth is projected under scenarios consistent with reaching net zero emissions by 2050. More ambitious action towards reducing emissions is expected to see demand grow faster. Increases in demand will be driven by growth in clean technologies, particularly wind turbine and electric vehicle uptake.
- Increased demand for rare earths is expected to be driven by growth in demand for electric vehicles and other clean energy technologies – including wind turbines and electrification of industrial processes. Stronger demand is likely to be observed under scenarios consistent with more ambitious emissions reduction policies. Larger and faster positive opportunities for rare earth producers will emerge with efforts to achieve net zero emissions.
- Increased demand is expected to be observed across a wide variety of rare earth materials – but particularly those materials used in electric motor production. Likewise, most rare earth supply markets are likely to have opportunities to grow.
- Lynas' unique position as the only scale producer of separated rare earth materials outside of China means that the company has an important role to play in providing key inputs to green technologies designed to limit the effects of climate change. Lynas seeks to leverage its competitive advantage to increase outside-China supply of rare earths.

Acute Physical risks

Event-driven physical risks including increased severity of extreme weather events

Australia:

- An increase in extreme weather events could increase the risk of exposure to flooding at Mt Weld
- Extreme weather events could affect Lynas' contractors and suppliers' ability to supply vital goods and services to its operations, including shipping logistics

Malaysia:

- An increase in extreme weather events could increase the risk of exposure to bushfire
- Extreme weather events could affect Lynas' contractors and suppliers' ability to supply vital goods and services to its operations, including shipping logistics

Chronic Physical risks

Longer-term shifts in climate patterns e.g. higher temperatures, changes in drought and sea level rise

Australia:

- Increased pressure on water supplies will require additional investment in water recycling and identification of new water sources
- An increase in extreme heat days could translate to a material increase in heat stress periods, potentially disrupting operations and contributing to lost productivity

Malaysia:

- An increase in heat stress periods with an increase in the frequency of very hot days could present a risk of interrupted operations or lost productivity

From an overall water risk perspective, the sites where Lynas operates are assessed as:

Location	Overall water risk rating ⁵
Gebeng, Malaysia	Low-medium
Mt Weld site, Laverton, Western Australia	Low-medium
Kalgoorlie, Western Australia	High

Ensuring clean and sufficient water is a global challenge and climate change is accelerating this challenge. Lynas continues to innovate to minimise fresh water usage throughout our operations.

At Mt Weld, this includes investing over \$30 million in a state of the art water recycling facility to increase the percentage of tailings water recycled from approximately 30% to up to approximately 90%. The robust new water recycling flowsheet represents 3 years of development work to address water quality challenges of silica, organics and hardness.

Lynas' new Rare Earths Processing Facility in Kalgoorlie, Western Australia, is assessed as being in a high overall water risk rating location. Access to treated grey water from the City of Kalgoorlie-Boulder was a key consideration in the site selection and the new Facility has been designed to use treated grey water supplied by the City of Kalgoorlie-Boulder for processing. This water is a by-product from the City's wastewater treatment facility and will be used a further 6-7 times in processing.

Climate Scenarios

In FY24, physical climate scenarios were considered for the second consecutive year to identify and assess exposure to physical risks and opportunities to increase resilience. The analysis was undertaken by external consultants, FM, and included both engineering data from site visits as well as climate change insights and data.

Scenarios considered acute physical risks such as physical damage to assets (buildings, machinery, inventory) and associated loss in profits caused by disruption to operations as a result of increased severity of extreme weather events such as flood and wildfire. It also considered chronic physical risks such as the impact of rising sea levels, drought and global temperature changes over time.

Short term (by 2030) and long term (by 2050) scenario analysis was conducted for both of Lynas' operating sites (Mt Weld and Lynas Malaysia). Lynas' new Kalgoorlie Rare Earths Processing Facility was in commissioning during

⁵ <https://www.wri.org/applications/aqueduct/water-risk-atlas>

the year and began first production in the June 2024 quarter and will be assessed for the first time in FY25. Lynas' planned U.S. facility is not included in this assessment.

Scenarios used for the analysis were the low, intermediate and high Representative Concentration Pathways (RCPs) detailed by the Intergovernmental Panel on Climate Change (IPCC) (RCP 2.6, RCP 4.5 and RCP 8.5).

The projected changes in global mean surface temperature change (°C) between 2046-2065 for each of these Pathways⁶ is: 0.4 to 1.6 (RCP 2.6); 0.9 to 2.0 (RCP 4.5); and 1.4 to 2.6 (RCP 8.5).

The scenario analysis indicated that Lynas operations have negligible or low exposure to material climate change risks such as extreme precipitation, wind, rising temperatures and neither location was exposed to risks from sea level rise. The Mt Weld operation was identified as having exposure to risk of flooding and action was taken in FY23 to install a flood protection barrier which was in operation during the extreme rain events in early CY2024. The Lynas Malaysia operation was identified as having exposure to risk of bushfire and actions related to pre-incident and emergency response planning are being undertaken.

Lynas was also identified to have material exposure to the chronic physical risk of drought. More intense or prolonged droughts can lead to diminishing water resources, increasing operational risks, and potentially more severe bushfires. Opportunities to increase Lynas' resilience to drought have been identified and are being implemented. This includes the \$30m state-of-the-art high recovery water recycling circuit from the tailings dam and an additional bore water desalination plant being implemented as part of Mt Weld expansion project.

Given the location of Lynas' operating sites in tropical and semi-arid locations, operating sites are also aware of the risks of heat stress and measures are put in place to mitigate these risks for our people, including dehydration awareness.

5.4 Metrics

Lynas monitors and reports on total Scope 1 and Scope 2 GHG emissions in line with the GHG Protocol and Australia's National Greenhouse Energy Reporting (NGER). In FY24, Lynas has focused on enhancing GHG data management and plans to continue to develop reporting on Scope 3 categories in FY25.

Company-wide total Scope 1 and 2 emissions for FY19-FY24 (tonnes CO₂-e) are as follows:

Reporting Year		FY19	FY20	FY21	FY22	FY23	FY24
Mt Weld ⁷	Scope 1	23,693	21,137	19,697	25,649	29,990 ⁸	28,523
	Scope 2	–	–	–	–	–	–
Kalgoorlie ⁹	Scope 1	–	–	–	956	9,324 ⁸	3,686
	Scope 2	–	–	–	–	12 ⁸	3,904
Malaysia	Scope 1	34,071	32,634	39,951	40,807	42,952	36,837
	Scope 2	49,544	43,387	43,917	42,831	43,568	38,688
Total	Scope 1	60,245	53,771	59,648	67,412	82,266 ⁸	69,046
	Scope 2	49,544	43,387	43,917	42,831	43,580 ⁸	42,592
	Scope 1+2	110,179	97,159	103,565	110,243	125, 846 ⁸	111,638

BASIS OF REPORT

The report is based on the guidelines in The Group 100 Incorporated publication Guide to the Review of Operations and Financial Condition.

⁶ <https://www.ipcc.ch>

⁷ Mt Weld expansion project construction commenced in FY23 and continued in FY24

⁸ Data as per FY23 National Greenhouse Energy Reporting (NGER) scheme reporting

⁹ Kalgoorlie facility in commissioning during FY24 and commenced production in June quarter FY24

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is bound by the requirements and guidelines of the relevant environmental protection authorities for the management and rehabilitation of mining tenements owned or previously owned by the Group. Mining tenements are being maintained and rehabilitated following these guidelines. The Group is also bound by the requirements of its operating licence in Malaysia. There have been no known breaches of any of these requirements and guidelines.

We continue to focus on ensuring positive relationships with regulators and local communities, and compliance with regulatory requirements in both jurisdictions in which we operate.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Except as disclosed in the review of operations, the factors and business risks that affect future performance and the subsequent events, there have been no significant changes in the state of affairs of the Group during the year ended 30 June 2024.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement of the Group, current on the date that the Directors' Report is signed in accordance with a resolution of Directors made pursuant to s.298 (2) of the Corporations Act 2001, is located on the Group's website, www.lynasrareearths.com.

SHARES ISSUED UPON EXERCISE OF PERFORMANCE RIGHTS

During the financial year 902,708 Performance Rights were exercised as set out in Note E.7 to the Financial Statements.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the end of the financial year, the Group has paid a premium in respect of a contract insuring all Directors and Officers of the Group against liabilities incurred as a Director or Officer of the Group, to the extent permitted by the Corporations Act 2001, that arise because of the following:

- a. a wilful breach of duty; or
- b. a contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

The insurance contract prohibits disclosure of the premiums payable under the contract. The premiums are not included as part of the Directors' remuneration in Section H of the Remuneration Report or Note E.7 to the Financial Statements.

NON-AUDIT SERVICES

During the year Ernst & Young, the Group's auditor, has performed certain other services in addition to the audit and review of the Financial Statements.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note E.3 to the Financial Statements. The Directors have considered the non-audit services provided during the year by the auditor, and are satisfied that the provision of non-audit services by the auditor during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

INDEMNIFICATION AND INSURANCE OF AUDITOR

During or since the end of the financial year, the Group entered into an agreement with its auditors, Ernst & Young, indemnifying them against any claims by third parties arising from their report on the Annual Financial Report, except where the liability arises out of conduct involving a lack of good faith. No payment has been made to indemnify Ernst & Young during or since the financial year.

COMMITTEE MEMBERSHIP

During the financial year, the Group had the following Committees of the Board of Directors: Audit, Risk & ESG Committee, Health, Safety & Environment Committee, and Nomination, Remuneration and Community Committee.

Directors acting on the Committees of the Board during the year ended 30 June 2024:

For the period from 1 July 2023 to 29 November 2023:

Audit, Risk & ESG	Health, Safety & Environment	Nomination, Remuneration & Community
G. Murdoch ^(c)	P. Etienne ^(c)	J. Humphrey ^(c)
P. Etienne	K. Conlon	K. Conlon
J. Humphrey	V. Guthrie	G. Murdoch
V. Guthrie	J. Beevers	J. Beevers

(c) Chair of Committee

For the period from 30 November 2023 to 30 June 2024:

Audit, Risk & ESG	Health, Safety & Environment	Nomination, Remuneration & Community
G. Murdoch ^(c)	P. Etienne ^(c)	V. Guthrie ^(c)
P. Etienne	V. Guthrie	J. Humphrey
J. Humphrey	J. Beevers	G. Murdoch
		J. Beevers

(c) Chair of Committee

As summarised in the Corporate Governance Statement, the Audit, Risk & ESG Committee consists of independent Directors.

The number of Directors' meetings held during the year and the number of Board and Board committee meetings:

	Directors' Meetings	Audit, Risk & ESG	Health, Safety & Environment	Nomination, Remuneration & Community
Number of meetings held:	7	6	3	4
Number of meetings attended:				
A. Lacaze	7	6	3	4
K. Conlon ^(l)	3	2	0	2
P. Etienne	7	6	3	4
V. Guthrie	7	5	3	4
J. Humphrey	7	6	3	4
G. Murdoch	7	6	3	4
J. Beevers	7	5	3	3

(l) K. Conlon retired on 29 November 2023

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Ernst & Young, which follows the Directors' Declaration.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, in relation to the "rounding off" of amounts. Amounts in the Directors' Report and Financial Statements have been rounded off, in accordance with the Instrument, to the nearest thousand dollars, unless otherwise stated.

SUBSEQUENT EVENTS

On 22 July 2024, Lynas announced the signing of contracts with Zenith Energy ("Zenith"), a leading independent power provider, for the supply of power from a gas-fired hybrid renewable power station to Lynas' Mt Weld mine and concentration plant, near Laverton, Western Australia. Upon completion the new hybrid power station will have approximately 65MW total installed capacity comprising a 24MW Wind Farm (4 wind turbines), a 7MW solar PV farm, and a 12MW/12MWh Battery Energy Storage System (BESS). This renewable facility will be supported by a 17MW high efficiency gas fired power station. To provide redundancy in the back-up system for our 24/7 operation, 5MW of diesel standby generation will be installed.

On 5 August 2024 Lynas announced the release of an updated Mt Weld Rare Earth Mineral Resource Statement which shows a significant increase in tonnage and contained TREO compared to the 2018 Mineral Resources and Ore Reserves Statement.¹⁰

The Ore Reserve update will support:

- a >35 year mine life at production rates for sufficient concentrate feedstock for production capacity of 7,200 tpa NdPr (Neodymium Praseodymium) oxide finished product; and
- a >20 year mine life at expanded production rates for sufficient concentrate feedstock for production capacity of 12,000tpa of NdPr oxide finished product in line with Mt Weld expansion capacity (currently under construction).

Key highlights of the announcement include:

- 92% increase in Mineral Resources from 55.4 Mt to 106.6 Mt at 4.12% Total Rare Earth Oxide (TREO) from 30 June 2018 to 30 June 2024.
- 63% increase in Ore Reserves from 19.7 Mt to 32.0 Mt at 6.44% TREO from 30 June 2018 to 30 June 2024.
- 46% increase in contained TREO compared to the August 2018 Mineral Resources estimate, adding resources and replacing depletion.
- Updated Ore Reserve supports >20 year mine life at expanded production rates for sufficient concentrate feedstock for production capacity of 12,000tpa of NdPr oxide finished product in line with Mt Weld expansion capacity (currently under construction).
- Ore reserves have a 92% increase in contained Dysprosium oxide from 30 June 2018 to 30 June 2024. All heavy rare earth element grades, including Terbium oxide, are now reported in the ore reserves statement.
- Stored tailings are added to the Ore Reserve as the Mt Weld expansion flowsheet has capability for fine grinding, enabling reprocessing to recover historical coarse losses of rare earth minerals.
- An increased inferred resource inventory primed for future infill drilling to indicated mineral resource and reserve growth.

With the exception of the above, there have been no other events subsequent to 30 June 2024 that would require accrual or disclosure in this financial report.

¹⁰ Refer to announcement on 5 August 2024 "2024 Mineral Resource and Ore Reserve Update": <https://wcsecure.weblink.com.au/pdf/LYC/02835257.pdf>

Environmental, Social and Governance Statement

Financial year ended 30 June 2024

The Lynas Environmental, Social and Governance Report (ESG Report) for FY2024 will be published on the Group's website, www.lynasrareearths.com, at the same time as the 2024 Annual Report is sent to shareholders.

Remuneration report – audited

Dear Shareholder,

On behalf of the Board of Lynas Rare Earths, I am pleased to present our Remuneration Report for the 2024 financial year, my first report since being appointed as Chairman of the Nomination, Remuneration and Community Committee on 29 November 2023.

Remuneration framework

Lynas' remuneration objective is to maximise shareholder value by the attraction and retention of talented people. We remunerate our people competitively and consistently with comparable employment market conditions. Lynas is the only ex-China producer of scale of separated Rare Earths and our remuneration framework takes into account the unique skills of our people, the global nature of the rare earths business and the complexity of the critical minerals supply chain.

Remuneration for KMP and Lynas Leadership Team members includes a performance based Short Term Incentive (STI) and Long Term Incentive (LTI). The STI and LTI have also been extended to include employees in roles that have considerable influence on outcomes associated with capital management, operational leadership and major capacity growth projects or have specialist expertise in strategic areas for Lynas.

Lynas also offers a company-wide employee bonus scheme (excluding those eligible for STI/LTI) to provide all employees an opportunity to contribute to and benefit from the company's success.

There were no changes to executive or Board remuneration structures in FY24. Key Management Personnel (KMP) also remained consistent apart from non-executive director Kathleen Conlon who retired from the Board on 29 November 2023 after 12 years, including 3 years as Chair.

Business performance

The 2024 financial year was both an exciting and challenging year for Lynas with major milestones achieved in a difficult market environment.

We continued to progress our strategic priorities during the year. This included securing a variation to the Malaysian operating licence which allows for the continued operation of all processing stages at the Lynas Malaysia facility, delivering first production from the new Kalgoorlie Rare Earths Processing Facility, signing a follow on contract for the planned U.S. Heavy Rare Earths plant from the U.S. Government, and progressing the Mt Weld Expansion project including completion of construction for the Mt Weld Expansion project Stage 1 (Dewatering circuit) and commencement of Stage 1 commissioning and Stage 2 construction.

However, the rare earths market remained challenging with low market prices and subdued inside China demand. Despite these headwinds, Lynas' proven performance as a low cost rare earths producer has served the company and shareholders well during this period and this year's results demonstrate the company's commitment to generating value at all stages of the rare earth production cycle.

Directors' Report

Remuneration Report – Audited *continued*

Remuneration outcomes

Remuneration outcomes reflect the variable environment encountered during this year, with some performance targets being exceeded, whilst others were not achieved.

The Lynas Short Term Incentive (STI) rewards performance in core business drivers. In FY2024, this included EBITDA, NdPr production and NdPr unit operating costs, as well as key non-financial performance metrics that are of particular importance to shareholders, including Strategic Plan/Business Plan Progress; Health, Safety and the Environment (HSE); Sustainability; and People and Culture. A partial award will be made of the STI.

The Long Term Incentive (LTI) recognises that capital projects are a substantial growth driver for the company. The LTI for the period from the beginning of FY22 to the end of FY24 issued in 2021 has two components which are designed to be aligned with the creation of sustainable long term shareholder value. The first of these components is Relative Total Shareholder Returns (TSR) assessed over a three year period, relative to other peer group companies. The second component is related to strategic targets aligned with Lynas' strategic growth objectives. Over the period Lynas achieved a positive RTSR of 13.3% and was placed at the 56th percentile of the ASX200 peer group. The strategic targets in respect of the Kalgoorlie Rare Earths Processing Facility achieving nameplate capacity and the development of capacity to separate heavy rare earths were not achieved. Based on these outcomes, 30% of the LTI will vest.

Summary

The Lynas Board is committed to ensuring that executive remuneration is strongly aligned with key performance outcomes that drive shareholder value, and as a result, a significant proportion of executive remuneration is 'at risk' or variable pay.

While it has been a challenging year in the rare earths market, our team continues to strive for excellence in our production performance and is committed to delivering our growth agenda which will retain Lynas' position as a true producer of scale in the global market.

I trust this Remuneration Report assists with your understanding of our remuneration objectives and outcomes. The Nomination, Remuneration and Community Committee welcomes your feedback and support as we continue our work to attract and retain talent at Lynas and deliver value for all shareholders.

Yours sincerely,



Vanessa Guthrie

Chair

Nomination, Remuneration and Community Committee

This report sets out Lynas' remuneration framework and outcomes for Key Management Personnel (KMP) for the financial year ended 30 June 2024. This report has been prepared and audited in accordance with the requirements of the Corporations Act 2001 and its regulations.

A. LIST OF KMP

The KMP during the financial year ended 30 June 2024 were as follows:

KMP	Position	Location	Term as KMP
Executive Director			
A. Lacaze	CEO and Managing Director	Australia	Full Financial Year
Non-Executive Directors			
K. Conlon	Chairman, Non-Executive Director	Australia	Resigned 29 November 2023
J. Humphrey	Chairman (from 29 November 2023) Non-Executive Director, Chair of the Nomination, Remuneration & Community Committee (until 29 November 2023)	Australia	Full Financial Year
J. Beevers	Non-Executive Director	Australia	Full Financial Year
P. Etienne	Non-Executive Director, Chair of the HSE Committee	Australia	Full Financial Year
V. Guthrie	Non-Executive Director, Chair of the Nomination Remuneration & Community Committee (from 29 November 2023)	Australia	Full Financial Year
G. Murdoch	Non-Executive Director, Chair of the Audit Risk & ESG Committee	Australia	Full Financial Year
Executives			
G. Sturzenegger	Chief Financial Officer	Malaysia	Full Financial Year
S. Leonard	General Counsel and Company Secretary	Australia	Full Financial Year
P. Le Roux	Chief Operating Officer	Malaysia	Full Financial Year
C. Jenney	Vice President – Major Projects	Australia	Full Financial Year
M. Ahmad	Vice President – Malaysia	Malaysia	Full Financial Year

B. OUR REMUNERATION GOVERNANCE

The Nomination, Remuneration and Community Committee is responsible for reviewing and making recommendations to the Board on the remuneration arrangements for Directors and Executives. The Nomination, Remuneration and Community Committee assesses, on a regular basis, the appropriateness of the nature and amount of KMP remuneration.

In fulfilling these duties and to support effective governance processes, the Committee:

- consists of independent Non-Executive Directors and has an independent Chair;
- has unrestricted access to management and any relevant documents; and
- engages external advisers for assistance to the extent appropriate and necessary (e.g. detailing market levels of remuneration).

C. OUR REMUNERATION FRAMEWORK

Overview

Lynas' remuneration objective is to maximise shareholder benefits by attracting, retaining and motivating talented people, including our Board of Directors and executive management team, at a cost that is acceptable to shareholders. We remunerate our people competitively and consistently with comparable employment market conditions. Lynas is the largest producer of separated Rare Earths outside of China and our remuneration framework takes into account the global nature of the rare earths business and the complexity of the critical minerals supply chain.

Component	Description	How does it link to performance and strategy?
Fixed Remuneration	Fixed remuneration consists of base salary, non-monetary benefits and statutory superannuation contributions.	Fixed remuneration is set at a level that enables Lynas to attract and retain talented people, at a cost which is acceptable to shareholders. It reflects the global nature of the rare earths supply chain, macro-economic factors, the need to attract experienced expatriate personnel to the Lynas Malaysia plant in Gebeng near Kuantan in regional Malaysia and the competitive market for resources personnel in Western Australia. Individual remuneration reflects the role, responsibilities, and experience of the relevant employee.
Short Term Incentive (STI)	The STI program is based on the achievement of annual financial and non-financial goals. Further details of the STI Plan Structure are set out below.	STI supports the delivery of annual performance goals which are selected by the Board considering the budget and Lynas' strategic initiatives. The STI Plan ensures annual remuneration is competitive to facilitate retention of key personnel. Half of the STI is paid as deferred equity (performance rights).
Long Term Incentive (LTI)	The LTI program provides a reward for longer term performance. Further details of the LTI Plan Structure are set out below.	LTI focuses on long term performance goals which create sustained value for shareholders. LTI is paid as deferred equity (performance rights) which aligns the interests of Executives and shareholders in ensuring the sustainable, long term performance of Lynas.

Our remuneration mix aims to achieve a balance between fixed and performance related components. This contributes to a high performance culture led by the Executive team.

The diagrams below illustrate the remuneration mix range for Executives based on the target and maximum LTI and STI opportunities for FY24. The actual remuneration mix for Executives will vary depending on the level of performance relative to the LTI and STI performance objectives.

	Fixed	STI	LTI
CEO	26.7–28.6%	28.6–33.3%	40.0–42.8%
Other Executive KMP	33.3–36.3%	27.2–33.3%	33.3–36.3%

Short term incentive structure

The structure of the STI Plan is as follows:

Description	Under the STI Plan, Executive KMP can earn an annual incentive based on performance during the year. STI Plan performance conditions align with Lynas' annual operational and financial goals. The performance conditions are chosen to incentivise performance that is consistent with desired business outcomes and which contributes to longer term growth in shareholder value. The STI Plan is at risk remuneration. Actual awards depend on performance against the performance conditions.
Participants	Executive KMP and any employee of Lynas who is invited by the Board are eligible to participate. In addition to the Executive KMP, during FY24, three members of the Lynas Leadership Team and thirty three senior employees who are critical to the delivery of Lynas' short-term operational and financial goals were invited to participate in the STI Plan.
STI Opportunity	Target Performance: In FY24, up to 100% of fixed remuneration for CEO. Up to 75% of fixed remuneration for Executive KMP and Lynas Leadership Team. Up to 37.5% of fixed remuneration for Senior Managers. Up to 10% of fixed remuneration for other employees eligible to participate in the STI Plan. Maximum Opportunity: In FY24, up to 125% of fixed remuneration for CEO. Up to 100% of fixed remuneration for Executive KMP and Lynas Leadership Team. Up to 50% of fixed remuneration for Senior Managers. Up to 11% of fixed remuneration for other employees eligible to participate in the STI Plan.
Basis of award	Half of the STI opportunity is awarded in cash and half is awarded in performance rights. The number of STI performance rights to be granted is calculated by taking the volume weighted average price of Lynas' shares for the 5 trading days up to and including the date of Board approval (the PR Value). The relevant STI grant is divided by the PR Value and rounded up to the nearest whole number.
Performance Conditions	The Board selects both financial and non-financial performance conditions based on the Lynas budget and strategic plan. For FY24, three bands of performance were set for each performance condition: • Threshold: 90% of target – 75% award for CEO, 66.6% award for executive KMP • Target: 100% of budget – 100% award for CEO and KMP • Maximum: 110% of budget – 125% award for CEO, 133.3% award for executive KMP If performance falls between the Threshold and Maximum levels then awards are pro-rated. No STI Plan awards will be made if there is an 'at fault' fatality during the performance period.
Financial Performance Conditions (60% weighting)	Financial performance conditions are selected by the Board using the approved budget. The performance goals are selected based on the budget and considering market conditions. The financial conditions are assessed annually. For the FY24 STI Plan the three financial performance conditions selected were: (1) EBITDA Target; (2) NdPr Production; and (3) NdPr Operating Costs. Each financial condition has a 20% weighting.
Non-financial Performance Conditions (40% weighting)	The Board selects non-financial conditions for the STI Plan based on the team/individual responsibilities in the context of the Lynas strategic plan. The non-financial conditions are assessed annually. For the FY24 STI Plan the areas selected for assessment were: (1) Progress on Strategic Plan/ Business Plan; (2) Health, Safety and Environment; (3) Sustainability; (4) People & Culture.

Directors' Report

Remuneration Report – Audited *continued*

Why were these performance conditions selected?

A combination of financial and non-financial performance conditions aligns the STI Plan with growth and sustainable returns for shareholders.

The financial conditions selected by the Board in FY24 are measures which directly affect Lynas' profitability and financial performance. Due to the anticipated increases in capital expenditure for strategic growth projects, EBITDA rather than EBIT was selected by the Board as the financial growth measure.

The non-financial performance conditions reflect areas that are critical for the success of Lynas and complement the measures included in the other quantitative STI and LTI targets. Non-financial performance conditions are designed to address areas of particular importance to shareholders. The non-financial performance conditions for FY24 were selected by the Board for the following reasons:

- **Strategic Initiatives:** Initiatives planned to deliver value for shareholders.
- **Health, Safety & Environment:** Critical to the continued safe operation of Mt Weld and Lynas Malaysia.
- **Sustainability:** Important to Lynas' stakeholders and the future sustainable growth of the business.
- **People & Culture:** Important to Lynas' stakeholders and employee attraction and retention.

Performance conditions for the STI Plan are reviewed annually by the Board to ensure they remain aligned with business strategy and shareholder interests.

How and when is performance assessed?

Performance is assessed annually.

For the financial conditions, the Board calculates the results after the end of the performance period.

For the non-financial conditions, the Board assesses the performance of the Executives based on the recommendations from the Nomination, Remuneration and Community Committee.

Eligibility for dividends

Holders of performance rights are not eligible for dividends until the performance rights have been converted into shares.

Cessation of employment

STI performance rights are subject to a vesting condition of continued employment at Lynas for a period of 12 months after the grant.

Cessation of employment or engagement

Subject to the terms of the relevant invitation and the Plan:

- if an Offeree ceases to be an employee of, or engaged by, the Group in circumstances where the cessation is due to Termination for Cause, then unless the Board determines otherwise, all of their vested (but unexercised) Rights, and all of their unvested Rights, will automatically lapse; and
- if an Offeree ceases to be an employee of, or engaged by, the Group in circumstances other than due to Termination for Cause, then unless the Board determines otherwise, all vested (but unexercised) Rights, and all unvested Rights, will remain on issue in accordance with the terms and conditions upon which those Rights were granted.

Termination for Cause means termination of employment or engagement of the Offeree due to, amongst other matters, fraud or dishonesty, a material breach of the Offeree's obligations to the Group, any act of gross negligence in the performance of duties or any other reason (including under applicable law or the Offeree's employment contract, consulting agreement or other form of engagement) that the Board determines constitutes justification for termination without notice or compensation.

Treatment of Rights after cessation of employment or engagement

If a person continues to hold Rights after they or their Offeree cease to be employed or engaged by the Group, then the Board may in its discretion determine that some or all of those Rights will lapse if the Board determines that the person has breached any obligation owed to the Group or the circumstances have changed such that it is no longer appropriate for the person to retain the Rights.

Clawback	The Board may, amongst taking other action (such as requiring any benefits obtained under the Plan to be returned), deem any unvested or vested (but unexercised) Rights to have lapsed if an Offeree takes certain adverse action, including committing a fraudulent or dishonest act or engaging in behaviour which has caused, or is likely to cause, the Company's reputation to be adversely affected.
Change of Control Event	If an event occurs that the Board reasonably believes may lead to a Change of Control Event, the Board may determine the treatment (and the timing of such treatment) of any unvested or unexercised Rights. If a Change of Control Event occurs and the Board has not made a determination, then all unvested Rights automatically vest and are deemed to have been exercised, together with any previously vested but unexercised Rights, on the occurrence of the Change of Control Event. A Change of Control Event includes: • a takeover bid that is or becomes free of any defeating conditions where an offeror who previously had voting power of less than 50% in the Company obtains voting power of more than 50%; • shareholders of the Company approving a proposed compromise or arrangement for the reconstruction of the Company or its amalgamation with any other company or companies at a meeting convened by the Court pursuant to section 411(4)(a) of the Corporations Act; • any person becoming bound or entitled to acquire shares in the Company under section 414 (compulsory acquisition following a scheme or contract) or Chapter 6A (compulsory acquisition of securities) of the Corporations Act; • a selective capital reduction being announced in respect of the Company which results in a person who previously had voting power of less than 50% in the Company obtaining voting power of more than 50%; • the Company passes a resolution for voluntary winding up; • an order is made for the compulsory winding up of the Company; or • in any other case, a person obtaining voting power in the Company which the Board determines is sufficient to control the composition of the Board.
Disposal restriction	A Right is not transferable except where permitted with the prior written consent of the Board or where required by force of law upon death or bankruptcy. Unless the Board determines otherwise, Shares allotted upon exercise of Rights must not be sold, transferred or disposed of by the holder at any time during which trading in the Company's securities is prohibited in accordance with the Company's corporate governance policies on share trading activities.
Bonus issues	If Shares are issued pro rata to the Company's shareholders by way of bonus issue, the number of Shares over which the Rights are exercisable will be increased by the number of Shares that the Rights Holder would have received if it had exercised the Rights before the record date for the bonus issue. No adjustment will be made to the exercise price (if any).
Pro rata issues	If Shares are offered pro rata for subscription by the Company's shareholders (except a bonus issue) during the currency of and prior to exercise of any Rights, the exercise price (if any) of each Right will be adjusted in a manner determined by the Board and in accordance with the ASX Listing Rules.
Adjustment for reorganisation	If there is a reorganisation of the issued capital of the Company then the rights of a Rights Holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
New issues	Subject to the foregoing, during the currency of any Rights and prior to their exercise, Rights Holders are not entitled to participate in any new issue of securities of the Company as a result of their holding Rights.

Ranking of Shares Any Shares allotted under the Plan will rank equally with Shares of the same class on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their allotment.

Quotation If Shares of the same class as those allotted under the Plan are quoted on the Australian Securities Exchange (**ASX**) at the time of allotment, the Company will apply to the ASX for those Shares to be quoted.

Unless the Board determines otherwise in its discretion, the Company will not apply for quotation of any Rights on the ASX.

Amendment Subject to the ASX Listing Rules and the Corporations Act, the Board may amend, revoke, vary or add to all or any of the provisions of the Plan, or the terms or conditions of any Right (including vesting conditions).

However, without the consent of the Rights Holder, no amendment may be made which adversely affects the rights of the Rights Holder, other than in certain circumstances, including an amendment for the purposes of complying with law or the ASX Listing Rules.

Subject to the foregoing, any amendment may be given retrospective effect.

Board discretion The Plan is administered by the Board which has power to, amongst other matters, determine appropriate procedures for administration of the Plan consistent with the Plan rules.

Except as otherwise expressly provided in the Plan, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the Plan or any Rights and in the exercise of any power or discretion under the Plan.

The Board may at any time waive in whole or in part any terms or conditions (including any vesting condition) in relation to any Rights.

Long term incentive structure

This section summarises the LTI grants made in FY24.

Description Under the LTI Plan, annual grants of performance rights are made to eligible participants to align remuneration with the creation of sustainable shareholder value over the long term.

Participants Executive KMP and any employee of Lynas who is invited by the Board are eligible to participate.

In addition to the Executive KMP, during FY24, three members of the Lynas Leadership Team and twenty eight senior employees who are critical to the delivery of Lynas' short-term operational and financial goals were invited to participate in the LTI Plan.

LTI Opportunity **CEO** – Up to 150% of fixed remuneration

Other KMP and Lynas Leadership Team – Up to 100% of fixed remuneration

Other invited employees – Up to 25 to 50% of fixed remuneration depending on employee level

The number of LTI performance rights to be granted is calculated by taking the volume weighted average price of Lynas' shares for the 5 trading days up to and including the date of Board approval (the PR Value). The relevant LTI grant is divided by the PR Value and rounded to the nearest whole number.

Vesting Date In the first employee share trading window following August 2026

Performance Conditions

Three vesting conditions apply to the LTI grants made during FY24:

- Relative Total Shareholder Return (TSR)
- Strategic Target
- Sustainability Target

Relative TSR – 50% weighting

Relative TSR is assessed over a three year period from 1 July 2023 to 30 June 2026, relative to other companies in the ASX50 – 150 index (Peer Group Companies). For any performance rights to vest under the TSR vesting condition, Lynas' performance must be equal to or greater than the 51st percentile of Peer Group Companies.

The percentage of the performance rights that may vest is determined as follows:

Lynas TSR Ranking across the TSR Period	Proportion of Performance Rights that vest
Below 51st percentile	0%
At the 51st percentile	50%
Between the 51st percentile and the 76th percentile	Between 50% and 100% as determined on a linear basis (rounded to the nearest 5%)
At or above 76th percentile	100%

Strategic Targets – 40% weighting

The Strategic Target vesting condition is that by 30 June 2026:

- Lynas can sustain production at 10,500tpa NdPr.

50% of the performance rights will vest upon demonstrating production at 10,500tpa with pro-rata increase in vesting on delivering installed capacity of greater than 10,500 tpa NdPr up to 12,000 tpa NdPr.

Sustainability Target – 10% weighting

The Sustainability Target vesting condition is that by 30 June 2026, Lynas delivers installed renewable energy capacity at Mt Weld with capacity to achieve greater than 50% of the energy requirements at Mt Weld.

Why were these performance conditions selected?

The vesting conditions for the LTI Plan were selected due to their alignment with Lynas' long term strategic goals.

The Relative TSR Vesting condition was selected because it ensures alignment between competitive shareholder return and reward for the executive. The comparison with peer group companies in the ASX200 index provides an objective, external market-based performance measure relative to Lynas' peer group companies. Relative TSR is widely understood and accepted by key stakeholders.

The Strategic Target was selected due to its importance to Lynas long term strategic goals.

The Sustainability Target was selected due to its importance to Lynas' stakeholders and the future sustainable growth of the business.

How and when is performance assessed?

Relative TSR will be calculated by Lynas and tested by an external adviser as soon as practicable at the end of the performance period.

The Strategic and Sustainability Targets will be assessed by the Board after 30 June 2026.

Eligibility for dividends

Holders of performance rights are not eligible for dividends until the performance rights have been converted into shares.

Cessation of employment

Cessation of employment or engagement

Subject to the terms of the relevant invitation and the Plan:

- if an Offeree ceases to be an employee of, or engaged by, the Group in circumstances where the cessation is due to Termination for Cause, then unless the Board determines otherwise, all of their vested (but unexercised) Rights, and all of their unvested Rights, will automatically lapse; and
- if an Offeree ceases to be an employee of, or engaged by, the Group in circumstances other than due to Termination for Cause, then unless the Board determines otherwise, all vested (but unexercised) Rights, and all unvested Rights, will remain on issue in accordance with the terms and conditions upon which those Rights were granted.

Termination for Cause means termination of employment or engagement of the Offeree due to, amongst other matters, fraud or dishonesty, a material breach of the Offeree's obligations to the Group, any act of gross negligence in the performance of duties or any other reason (including under applicable law or the Offeree's employment contract, consulting agreement or other form of engagement) that the Board determines constitutes justification for termination without notice or compensation.

Treatment of Rights after cessation of employment or Engagement

If a person continues to hold Rights after they or their Offeree cease to be employed or engaged by the Group, then the Board may in its discretion determine that some or all of those Rights will lapse if the Board determines that the person has breached any obligation owed to the Group or the circumstances have changed such that it is no longer appropriate for the person to retain the Rights.

Clawback

The Board may, amongst taking other action (such as requiring any benefits obtained under the Plan to be returned), deem any unvested or vested (but unexercised) Rights to have lapsed if an Offeree takes certain adverse action, including committing a fraudulent or dishonest act or engaging in behaviour which has caused, or is likely to cause, the Company's reputation to be adversely affected.

Change of Control Event

If an event occurs that the Board reasonably believes may lead to a Change of Control Event, the Board may determine the treatment (and the timing of such treatment) of any unvested or unexercised Rights. If a Change of Control Event occurs and the Board has not made a determination, then all unvested Rights automatically vest and are deemed to have been exercised, together with any previously vested but unexercised Rights, on the occurrence of the Change of Control Event.

A **Change of Control Event** includes:

- a takeover bid that is or becomes free of any defeating conditions where an offeror who previously had voting power of less than 50% in the Company obtains voting power of more than 50%;
- shareholders of the Company approving a proposed compromise or arrangement for the reconstruction of the Company or its amalgamation with any other company or companies at a meeting convened by the Court pursuant to section 411(4)(a) of the Corporations Act;
- any person becoming bound or entitled to acquire shares in the Company under section 414 (compulsory acquisition following a scheme or contract) or Chapter 6A (compulsory acquisition of securities) of the Corporations Act;
- a selective capital reduction being announced in respect of the Company which results in a person who previously had voting power of less than 50% in the Company obtaining voting power of more than 50%;
- the Company passes a resolution for voluntary winding up;
- an order is made for the compulsory winding up of the Company; or
- in any other case, a person obtaining voting power in the Company which the Board determines is sufficient to control the composition of the Board.

Disposal restriction	A Right is not transferable except where permitted with the prior written consent of the Board or where required by force of law upon death or bankruptcy. Unless the Board determines otherwise, Shares allotted upon exercise of Rights must not be sold, transferred or disposed of by the holder at any time during which trading in the Company's securities is prohibited in accordance with the Company's corporate governance policies on share trading activities.
Bonus issues	If Shares are issued pro rata to the Company's shareholders by way of bonus issue, the number of Shares over which the Rights are exercisable will be increased by the number of Shares that the Rights Holder would have received if it had exercised the Rights before the record date for the bonus issue. No adjustment will be made to the exercise price (if any).
Pro rata issues	If Shares are offered pro rata for subscription by the Company's shareholders (except a bonus issue) during the currency of and prior to exercise of any Rights, the exercise price (if any) of each Right will be adjusted in a manner determined by the Board and in accordance with the ASX Listing Rules.
Adjustment for reorganisation	If there is a reorganisation of the issued capital of the Company then the rights of a Rights Holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
New issues	Subject to the foregoing, during the currency of any Rights and prior to their exercise, Rights Holders are not entitled to participate in any new issue of securities of the Company as a result of their holding Rights.
Ranking of Shares	Any Shares allotted under the Plan will rank equally with Shares of the same class on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their allotment.
Quotation	If Shares of the same class as those allotted under the Plan are quoted on the Australian Securities Exchange (ASX) at the time of allotment, the Company will apply to the ASX for those Shares to be quoted. Unless the Board determines otherwise in its discretion, the Company will not apply for quotation of any Rights on the ASX.
Amendment	Subject to the ASX Listing Rules and the Corporations Act, the Board may amend, revoke, vary or add to all or any of the provisions of the Plan, or the terms or conditions of any Right (including vesting conditions). However, without the consent of the Rights Holder, no amendment may be made which adversely affects the rights of the Rights Holder, other than in certain circumstances, including an amendment for the purposes of complying with law or the ASX Listing Rules. Subject to the foregoing, any amendment may be given retrospective effect.
Board discretion	The Plan is administered by the Board which has power to, amongst other matters, determine appropriate procedures for administration of the Plan consistent with the Plan rules. Except as otherwise expressly provided in the Plan, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the Plan or any Rights and in the exercise of any power or discretion under the Plan. The Board may at any time waive in whole or in part any terms or conditions (including any vesting condition) in relation to any Rights.

D. REMUNERATION OUTCOMES IN FY24

FY24 STI grant performance outcomes

An award at 75.0% of fixed remuneration for CEO and 57.3% of fixed remuneration for executive KMP will be made under the FY24 STI Plan. The table below sets out the outcomes of the FY24 STI Plan.

Performance outcome – financial performance conditions

Performance condition	Lynas has recorded performance on NdPr Production and NdPr Operating Costs that were at or above budget in FY24.							
Outcome								
Performance Condition	Target	Actual	Weighting	Threshold 90%	Target 100%	Maximum 110%	CEO Outcome (% of Fixed Rem)	Executive KMP Outcome (% of Fixed Rem)
EBITDA	Forecast target ⁽¹⁾	73.2% of Target	20%				0%	0%
NdPr Production Targets	Forecast Target ⁽¹⁾	102.4% of Target	20%				21.2%	16.2%
NdPr Operating Costs	Forecast Target ⁽¹⁾	106.0% of Target	20%				23.0%	18.0%

(1) The NdPr Operating Cost, NdPr Production Target and EBITDA Target are commercial in confidence. The NdPr Operating Cost, NdPr Production Target and EBITDA Targets are set by the Board based on the annual budget.

Performance outcome – non-financial performance conditions

Performance Conditions	The Board assessed the performance of the Executives in the following areas: (1) Progress on Strategic Plan/Business Plan; (2) Health, Safety and Environment; (3) Sustainability; (4) People & Culture.		
Outcome – Target Achieved	The Board has assessed an award at 77.0% of Target (weighted outcome of 30.8%) for the non-financial performance conditions.		
	Performance Condition	Target	Outcome
	Progress on Strategic Plan/ Business Plan	The amendment of the Malaysian operating licence to remove the condition requiring the closure of C&L at Lynas Malaysia was a key strategic achievement during FY24. The efforts to secure this amendment have generated significant value for shareholders and also for the local community in Pahang, Malaysia. Significant progress was also achieved on other strategic projects: • Feed on, first production and first shipment of product from the Kalgoorlie Rare Earth Processing Facility. • Continued progress on the Mt Weld expansion project. • Completion of Mt Weld exploration and drilling program leading to new Mt Weld Reserve and Resource Statement released on 5 August 2024. • Completion of MREC receival and processing facility and successful tie-in of additional separation capacity in line with the Lynas Malaysia Industrial Plan. • Design and announcement of Heavy Rare Earth separation project at Lynas Malaysia.	Achieved

Outcome –
target achieved
continued

**Performance
Condition**

Target

Outcome

**Health,
Safety and
Environment**

Safety performance in FY24 has not met target. Whilst LTIR has reduced from 1.2 (FY23) to 1.04 (FY24), TRIFR has increased from 3.4 (FY23) to 5.0 (FY24). Measures have been put in place to address the TRIFR performance and improve safety at all sites.

Good environmental performance during the period has led to the target being achieved. All operating licences have been maintained in good standing. Lynas Malaysia again achieved the highest ranking in its AELB audit and was named by the AELB as Best Licence Holder for Control Category 4 2021-2023.

Despite the positive environmental performance, due to the increase in TRIFR, no award has been made in this category.

Not achieved

Sustainability

Progress in implementing sustainability improvements (including progress of implementing Greenhouse Gas (GHG) emission reduction plans) has achieved target.

Progress during FY24 includes:

- The implementation of a whole of company emissions monitoring program, including the formation of a global Climate Working Group and implementation of centralised collection of emissions monitoring data.
- Increased water recycling at Mt Weld from 25.3% in FY22 to 28.8% in FY24.
- Implementation of actions in the Mt Weld Social Cultural Heritage Management Plan, including site wide heritage training conducted by Nyalpa Pirniku elders.
- Progress on the transition to power supply from lower emission sources via the Mt Weld PPA, including negotiation of the contract documents and commencement of early works on site.
- The award of a 5-year Mining Contract with Carey Group, an experienced open pit mining contract and leading 100% First-Nations owned business.

Achieved

**People &
Culture**

The People & Culture focus for the FY24 STI program was increasing diversity in a range of areas.

The total number of females in operating roles increased from 20% at the end of FY23 to 21% at the end of FY24.

A 40% improvement in employment of First Nations people in both Australia and Malaysia was achieved.

A high level of staff mobility has occurred between Australia and Malaysia, encouraging diversity and sharing of skills across our operating locations.

Directors' Report

Remuneration Report – Audited *continued*

2021 LTI grant performance outcomes

The LTI performance rights issued in September 2021 to executive KMP and LLT members were granted subject to the following vesting conditions:

- Relative TSR – 50% weighting
- Lynas 2025 Project Targets – 50% weighting

The table below sets the performance outcomes.

Performance outcome – relative TSR

Vesting Condition Satisfaction of the Relative TSR vesting condition required Lynas' TSR to be at least at the 51st percentile of ASX 200 companies calculated over the three year period from 1 July 2021 to 30 June 2024.

The Relative TSR performance rights will vest in accordance with the following scale:

Lynas TSR Ranking	Proportion of Performance Rights that vest
Below 51st percentile	0%
At the 51st percentile	50%
Between the 51st percentile and the 76th percentile	Between 50% and 100% as determined on a linear basis (rounded up or down to the nearest 5%)
At or above 76th percentile	100%

Outcome – Partially achieved RTSR was assessed by an external consultant, PWC.
Lynas' TSR was at the 56th percentile of ASX200 companies (a total positive shareholder return of 13.3% over the period). 60% of the Relative TSR Performance Rights will vest.

Performance outcome – Lynas 2025 Project Targets

Vesting Condition The Lynas 2025 Project Target performance conditions is that the following Lynas 2025 Project Targets were achieved by 30 June 2024:

- (i) the Lynas Kalgoorlie Rare Earths Processing Facility achieving the capacity to sustain operations at nameplate capacity (70% weighting); and
- (ii) development of capacity to separate heavy rare earths (30% weighting).

Outcome – Not achieved These performance conditions were not achieved.
The Kalgoorlie Rare Earths Processing Facility has commenced production of MREC however ramp up is still underway and capacity to sustain operations at nameplate has not yet been reached.
Due to delays in finalising the U.S. Government funding for the heavy rare earths facility beyond the timeline that was initially anticipated, heavy rare earth separation is not yet completed. As announced on 27 June 2024, in order to accelerate production of HRE products Lynas intends to install heavy rare earth separate capacity at Lynas Malaysia and is targeting first production in the 2025 calendar year.

E. LINKING REMUNERATION AND GROUP PERFORMANCE

Sections C and D above set out how the LTI and STI Plan Performance Conditions are linked to Lynas' performance.

The table below provides further information about the financial performance of Lynas over the past five years.

	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024
Revenue (\$'000)	305,111	489,024	920,014	739,279	463,285
Total REO production (tonnes per annum)	14,562	15,761	15,970	16,780	10,908
Sales volume (REO tonnes per annum)	14,172	16,405	15,263	16,014	12,158
Average selling price (per REO tonne)	21.53	29.81	60.27	46.16	38.10
Profit / (loss) before tax (\$'000)	(19,156)	157,487	535,756	347,835	105,500
Profit / (loss) after tax (\$'000)	(19,395)	157,083	540,824	310,666	84,514
Earnings before interest and tax (EBIT)	(6,245)	169,500	540,641	315,504	75,234
Shareholder capital (\$'000)	1,424,847	1,859,598	1,859,598	2,091,089	2,091,089
Annual average share price	\$2.20	\$4.15	\$8.51	\$8.00	\$6.53
Closing share price at financial year end	\$1.94	\$5.71	\$8.73	\$6.85	\$5.93
Basic earnings / (loss) per share (cents)	(2.79)	18.08	59.95	34.05	9.04
Diluted earnings / (loss) per share (cents)	(2.79)	17.99	58.70	33.92	9.01

Separately, changes in the share based remuneration from one year to the next reflect the effect of amortising the accounting value of options and performance rights over their vesting period and the impact of forfeitures which can relate to both the current and prior periods in a given fiscal period. In certain periods, a negative value may be presented which results when the forfeitures recognised in a period are greater than the accounting amortisation expense for the current portion of the vesting period.

F. SERVICE AGREEMENTS

The CEO and Managing Director and Executives each have a services contract/ employment contracts which are on reasonable commercial conditions. The key provisions of the agreement are:

	CEO and Managing Director	Other Executives
Type	Services contract	Employment contract
Duration	Ongoing	Ongoing
Notice by Executive	3 months	3 months
Notice by Lynas	6 months Termination without notice for serious misconduct	3 – 6 months Termination without notice for serious misconduct
Treatment of incentives on termination	On resignation, then unless otherwise determined by the Board (in its discretion), the unvested performance rights will continue to be subject to the rules of the LTI Plan until the vesting date, at which time the performance rights will vest in accordance with the rules of the LTI Plan. The Board may exercise its discretion to cancel the performance rights, except where the participant has been retrenched where cancellation will occur within 36 months of the Board's decision.	

Directors' Report

Remuneration Report – Audited *continued*

G. NON-EXECUTIVE DIRECTOR REMUNERATION

Remuneration policy

Consistent with Lynas' approach, remuneration of Non-Executive Directors is set at a level that enables Lynas to engage high calibre individuals. We focus on ensuring that the Board of Directors reflects the broad mix of skills, experience and diversity necessary to oversee Lynas in its position as a significant participant in the critical global market for Rare Earth products.

Non-Executive Director fees are set considering: (1) the fees paid by companies of a similar size and/or industry; (2) the time and commitment required; (3) the risk and responsibilities; and (4) the required commercial and industry experience.

To ensure independence, Non-Executive Director fees are fixed, and Non-Executive Directors do not receive any performance-related or 'at-risk' compensation.

Remuneration structure

Non-Executive Director fees consist of Director fees and Committee fees. Each Non-Executive Director (other than the Chairman of the Board) received a fee for each committee of which they are members (capped at two committees). The Chairman of the Board does not receive committee fees.

The current aggregate fee pool for the Non-Executive Directors of \$2.2 million was approved at the AGM held on 29 November 2022. FY24 Director fees remained well below the pool limit, which will enable the appointment of additional Directors in the future.

The Non-Executive Director fees payable for the period from 1 July 2023 to 30 June 2024 were:

Board fees per annum	Amount (exclusive of superannuation)
Chairman	\$375,292
Non-Executive Director	\$165,750
Committee Chair (Audit, Risk & ESG)	\$49,725
Committee Chair (Nomination Remuneration & Community/ Health, Safety & Environment)	\$38,675
Committee member (Audit, Risk & ESG)	\$24,862
Committee member (Nomination Remuneration & Community/ Health, Safety & Environment)	\$19,337

Board and committee fees were last reviewed effective from 1 July 2022.

The remuneration for each of the Non-Executive Directors for the financial years ended 30 June 2024 and 30 June 2023 is set out in Section H below.

H. DETAILS OF REMUNERATION

The figures included in the statutory table below for share based payments were not actually provided to the KMP during FY2024 or FY2023. These amounts are calculated in accordance with accounting standards and are the amortised IFRS fair values of equity and equity-related instruments that have been granted to the executives.

Name	Short term benefits			Post-employment benefits		Long term benefits		Performance related % Total	Total
	Cash salary and fees	Other short term employee benefits	Non-monetary benefits	Termination payments	Super and other pension payments	Long service leave	Share-based payments		
FY24	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Director									
A. Lacaze	1,480,600	566,046	–	–	27,399	23,651	1,385,725	56%	3,483,421
Non-Executive Directors									
K. Conlon ⁽¹⁾	144,487	–	–	–	13,118	–	–	0%	157,605
J. Humphrey	291,721	–	–	–	26,255	–	–	0%	317,976
P. Etienne	230,325	–	–	–	–	–	–	0%	230,325
G. Murdoch	212,500	–	–	–	23,375	–	–	0%	235,875
V. Guthrie	219,562	–	–	–	–	–	–	0%	219,562
J. Beevers	186,604	–	–	–	20,526	–	–	0%	207,130
Executives									
S. Leonard	505,222	153,066	–	–	27,399	12,333	411,608	51%	1,109,628
G. Sturzenegger	611,794	179,552	–	–	–	–	477,025	52%	1,268,371
C. Jenney	765,177	204,247	–	–	27,399	8,339	661,629	52%	1,666,791
P. Le Roux	828,788	261,971	90,604	–	84,420	–	694,629	49%	1,960,412
M. Ahmad	396,480	195,338	–	–	59,024	–	376,518	56%	1,027,360
Total	5,873,260	1,560,220	90,604	–	308,915	44,323	4,007,134	47%	11,884,456
FY23	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Director									
A. Lacaze	1,488,308	378,860	–	–	25,292	24,787	1,710,293	58%	3,627,540
Non-Executive Directors									
K. Conlon	350,000	–	–	–	25,292	–	–	0%	375,292
P. Etienne	229,288	–	–	–	–	–	–	0%	229,288
J. Humphrey	207,500	–	–	–	21,788	–	–	0%	229,288
G. Murdoch	212,500	–	–	–	22,313	–	–	0%	234,813
V. Guthrie	204,424	–	–	–	–	–	–	0%	204,424
J. Beevers ⁽²⁾	27,625	–	–	–	2,901	–	–	0%	30,526
Executives									
S. Leonard	507,761	100,342	–	–	25,292	8,458	351,645	45%	993,498
G. Sturzenegger	629,981	116,225	–	–	–	–	421,737	46%	1,167,943
C. Jenney ⁽³⁾	563,218	145,942	–	–	18,969	9,387	378,060	47%	1,115,576
P. Le Roux	755,568	165,600	162,207	–	77,839	–	540,770	42%	1,701,984
M. Ahmad	397,708	91,035	–	–	55,782	–	217,673	41%	762,198
Total	5,573,881	998,004	162,207	–	275,468	42,632	3,620,178	43%	10,672,370

(1) Resigned 29 November 2023

(2) Appointed effective 1 May 2023

(3) Promoted to KMP role effective 3 October 2022

Directors' Report

Remuneration Report – Audited *continued*

I. KMP EQUITY HOLDINGS

1. Shareholdings

The following table outlines the shares held directly, indirectly and beneficially by directors and KMP as at 30 June 2024.

Name	Balance at beginning of year	Purchased during the year	On exercise of performance rights	Sold during the year	Other	Balance at end of year
A. Lacaze	2,895,454	–	430,163	(1,000,000)	–	2,325,617
K. Conlon ⁽¹⁾	130,635	–	–	–	(130,635)	–
P. Etienne	75,284	–	–	–	–	75,284
J. Humphrey	56,494	13,506	–	–	–	70,000
G. Murdoch	161,007	–	–	–	–	161,007
V. Guthrie	15,000	–	–	–	–	15,000
J. Beevers	–	27,787	–	–	–	27,787
S. Leonard	7,492	–	48,656	–	–	56,148
G. Sturzenegger	605,618	–	62,460	–	–	668,078
C. Jenney	2,157	–	13,367	–	–	15,524
P. Le Roux	202,931	–	64,610	–	–	267,541
M. Ahmad	104,283	–	49,212	–	–	153,495
Total	4,256,355	41,293	668,468	(1,000,000)	(130,635)	3,835,481

(1) Resigned 29 November 2023

Other movements in relation to KMP shareholdings relate to the person ceasing to be a member of the KMP during the year.

2. Share based remuneration – performance rights

Performance Rights are issued with no consideration payable on exercise. As at year end the Group had on issue to directors and KMP the following Performance Rights to acquire ordinary fully paid shares:

Series	Grant date	Number	Date vested and exercisable	Expiry date	Exercise price	Fair Value per performance right at grant date
BI	26 November 2020	208,856	09 September 2023	09 September 2025	\$ 0.00	\$2.50
BL	20 September 2021	65,652	31 August 2024	31 August 2026	\$ 0.00	\$5.23
BM	20 September 2021	65,652	31 August 2024	31 August 2026	\$ 0.00	\$7.60
BO	29 November 2021	80,553	31 August 2024	31 August 2026	\$ 0.00	\$5.68
BP	29 November 2021	80,553	31 August 2024	31 August 2026	\$ 0.00	\$8.57
BS	17 February 2023	187,246	25 August 2025	25 August 2027	\$ 0.00	\$8.29
BT	17 February 2023	187,246	25 August 2025	25 August 2027	\$ 0.00	\$4.50
BU	29 November 2022	128,804	25 August 2025	25 August 2027	\$ 0.00	\$8.54
BV	29 November 2022	128,804	25 August 2025	25 August 2027	\$ 0.00	\$4.97
BV	13 November 2023	137,254	24 August 2024	24 August 2024	\$ 0.00	\$6.91
BW	13 November 2023	237,488	31 August 2026	25 August 2028	\$ 0.00	\$4.42
BX	13 November 2023	189,992	31 August 2026	25 August 2028	\$ 0.00	\$6.91
BY	13 November 2023	47,500	31 August 2026	25 August 2028	\$ 0.00	\$6.91
BZ	29 November 2023	83,418	24 August 2024	24 August 2024	\$ 0.00	\$6.62
CA	29 November 2023	161,263	31 August 2026	25 August 2028	\$ 0.00	\$3.84
CB	29 November 2023	129,010	31 August 2026	25 August 2028	\$ 0.00	\$6.62
CC	29 November 2023	32,253	24 August 2024	24 August 2024	\$ 0.00	\$6.62
Total		2,151,544				

Fair value of performance rights

The fair value of each Performance Right is estimated on the date it is granted using volume-weighted average share price, Monte Carlo and Binomial valuation methodologies. The following assumptions were considered in the valuation of Performance Rights granted during the year ended 30 June 2024:

	PRs issued to employees other than CEO			PRs issued to CEO		
	Series BV	Series BW	Series BX & BY	Series BZ	Series CA	Series CB & CC
Grant date	8 Nov 2023	8 Nov 2023	8 Nov 2023	29 Nov 2023	29 Nov 2023	29 Nov 2023
Fair Value per right	\$6.91	\$4.42	\$6.91	\$6.62	\$3.84	\$6.62
Exercise price	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dividend yield	Nil	0.36%	Nil	Nil	0.38%	Nil
Expected volatility	45%	45%	45%	45%	45%	45%
Risk-free Rate	4.17%	4.17%	4.17%	4.04%	4.04%	4.04%
Expiry date	31 Aug 2024	31 Aug 2028	31 Aug 2028	31 Aug 2024	31 Aug 2028	31 Aug 2028

The life of the Performance Right is up to 5 years from date of grant (as specified above) and is therefore not necessarily indicative of exercise patterns that may occur.

The resulting weighted average fair values for all Performance Rights granted for the benefit of Directors and KMP during the year are:

Grant date	Number of performance rights	Fair value per instrument at valuation date	Exercise price per instrument	First exercise date	Last exercise or expiry date
13 November 2023	137,254	\$6.91	\$ 0.00	24 August 2024	24 August 2024
13 November 2023	237,488	\$4.42	\$ 0.00	31 August 2026	25 August 2028
13 November 2023	189,992	\$6.91	\$ 0.00	31 August 2026	25 August 2028
13 November 2023	47,500	\$6.91	\$ 0.00	31 August 2026	25 August 2028
29 November 2023	83,418	\$6.62	\$ 0.00	24 August 2024	24 August 2024
29 November 2023	161,263	\$3.84	\$ 0.00	31 August 2026	25 August 2028
29 November 2023	129,010	\$6.62	\$ 0.00	31 August 2026	25 August 2028
29 November 2023	32,253	\$6.62	\$ 0.00	24 August 2024	24 August 2024
Total	1,018,178				

Except as specified in the table above, all Performance Rights granted for the benefit of Directors and KMP have three-year vesting periods. The Performance Rights are exercisable up to five years after issue date, subject to achievement of the relevant performance hurdles.

Directors' Report

Remuneration Report – Audited *continued*

The following tables outline the Performance Rights granted for the benefit of Directors and KMP during the 2023 and 2024 financial years and those Performance Rights which have vested at each respective year-end.

30 June 2024	Balance at beginning of year	Granted	Grant date	Exercised	Forfeited	Net change	Balance at end of year
A. Lacaze	1,254,752	405,944	29 Nov 2023	(430,163)	(208,856)	(233,075)	1,021,677
K. Conlon	–	–	–	–	–	–	–
P. Etienne	–	–	–	–	–	–	–
J. Humphrey	–	–	–	–	–	–	–
G. Murdoch	–	–	–	–	–	–	–
V. Guthrie	–	–	–	–	–	–	–
J. Beevers	–	–	–	–	–	–	–
S Leonard	170,185	98,245	8 Nov 2023	(48,656)	(34,931)	14,658	184,843
G. Sturzenegger	209,943	118,454	8 Nov 2023	(62,460)	(46,449)	9,545	219,488
P. Le Roux	283,394	162,283	8 Nov 2023	(64,610)	(45,599)	52,074	335,468
M. Ahmad	165,059	93,011	8 Nov 2023	(49,212)	(36,671)	7,128	172,187
C. Jenney	127,113	140,241	8 Nov 2023	(13,367)	–	126,874	253,987
Total	2,210,446	1,018,178		(668,468)	(372,506)	(22,796)	2,187,650

30 June 2023							
A. Lacaze	1,483,028	296,653	29 Nov 2022	(479,455)	(45,474)	(228,276)	1,254,752
K. Conlon	–	–	–	–	–	–	–
P. Etienne	–	–	–	–	–	–	–
J. Humphrey	–	–	–	–	–	–	–
G. Murdoch	–	–	–	–	–	–	–
V. Guthrie	–	–	–	–	–	–	–
J. Beevers	–	–	–	–	–	–	–
S Leonard	103,586	74,091	17 Feb 2023	(7,492)	–	66,599	170,185
G. Sturzenegger	238,982	86,437	17 Feb 2023	(105,618)	(9,858)	(29,039)	209,943
P. Le Roux	284,570	119,355	17 Feb 2023	(110,588)	(9,943)	(1,176)	283,394
M. Ahmad	189,696	67,703	17 Feb 2023	(84,424)	(7,916)	(24,637)	165,059
C. Jenney	27,709	101,561	17 Feb 2023	(2,157)	–	99,404	127,113
Total	2,327,571	745,800		(789,734)	(73,191)	(117,125)	2,210,446

At 30 June 2024, 208,856 performance rights issued to A. Lacaze had vested and were exercisable (30 June 2023: 391,118). No other KMP had any performance rights that had vested and were exercisable (30 June 2023: nil).

The Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298 (2) of the Corporations Act 2001. On behalf of the Directors,

On behalf of the Directors,



John Humphrey

Chair

Brisbane, 28 August 2024

Directors' Declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial report is in compliance with International Financial Reporting Standards, as stated in the Basis of preparation note to the Financial Statements;
- (c) the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct;
- (d) in the Directors' opinion, the attached financial report and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of the Group; and
- (e) Directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by Corporations Instrument 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the Corporations Instrument applies, as detailed in Note E.6 to the Financial Statements will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors,



John Humphrey

Chair

Brisbane, 28 August 2024

Auditor's Independence Declaration



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Auditor's independence declaration to the directors of Lynas Rare Earths Limited

As lead auditor for the audit of the financial report of Lynas Rare Earths Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- No contraventions of any applicable code of professional conduct in relation to the audit; and
- No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Lynas Rare Earths Limited and the entities it controlled during the financial year.

Ernst & Young

T S Hammond
Partner
28 August 2024

Independent Auditor's Report



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Independent auditor's report to the members of Lynas Rare Earths Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Lynas Rare Earths Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.



Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.



Restoration and rehabilitation

Why significant	How our audit addressed the key audit matter
The Group incurs obligations for asset and site restoration and rehabilitation at Mt Weld, Kalgoorlie and Malaysia, which includes requirements under its Full Operating Stage License in Malaysia to manage water leached purification (WLP) and neutralisation underflow (NUF) residues arising from its production process. As at 30 June 2024 the Group's consolidated statement of financial position includes provisions of \$279,281,000 in respect of such obligations as disclosed in Note D.5. Estimating the costs associated with these obligations requires significant judgement in relation to when the activities will take place, the costs associated with the activities and economic assumptions such as discount rates and inflation rates. Given the significant judgements and assumptions involved, the Group is required to continually reassess and confirm that the assumptions used are appropriate. Due to the value of the provision relative to total liabilities, and the significant degree of estimation and judgment used to determine the rehabilitation provision, this was considered to be a key audit matter.	Our audit procedures included the following: - Assessed the appropriateness of the changes in cost estimates and other assumptions underpinning the cost estimates. - Inquired with the Group's expert of changes to the disturbed areas since the previous annual reporting period. - With the involvement of our subject matter specialists, we assessed the appropriateness of the rehabilitation cost estimates. - Assessed the qualifications, competence and objectivity of the Group's external experts, the work of whom, formed the basis of the Group's rehabilitation cost estimates for Lynas Advanced Materials Plant, Kalgoorlie Rare Earths Facility and the Mt Weld site. - Inquired about any changes in license conditions with respect to the management of WLP and NUF residues and assessed the appropriateness of changes in assumptions and calculations within the rehabilitation cost estimates as a result of these changed conditions. - Tested the mathematical accuracy of the rehabilitation models and assessed the appropriateness of the assumed timing of cashflows, inflation and discount rate assumptions. - Agreed payments made during the year in connection with the management of WLP residues to bank statements. - Assessed the appropriateness of the classification of the rehabilitation provision as a current and non-current liability at 30 June 2024. - Assessed the adequacy of the disclosures relating to the Group's provisions for restoration and rehabilitation in the Notes to the financial statements.



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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- ▶ The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ▶ The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



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Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 53 of the directors' report for the year ended 30 June 2024

In our opinion, the Remuneration Report of Lynas Rare Earths Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized, handwritten signature in grey ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'T S Hammond'.

T S Hammond
Partner
Perth
28 August 2024

Financial Statements

as at 30 June 2023

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Consolidated Statement of Profit or Loss and Comprehensive Income

For the year ended 30 June

In A\$'000	Note	2024	2023
Revenue	A.1	463,285	739,279
Cost of sales	A.1	(330,586)	(399,888)
Gross profit		132,699	339,391
General and administration expenses	A.1	(61,445)	(54,249)
Net foreign exchange gain		4,988	32,183
Other expenses		(1,008)	(1,821)
Profit from operating activities		75,234	315,504
Financial income	A.2	39,846	36,355
Financial expenses	A.2	(9,580)	(4,024)
Net financial income		30,266	32,331
Profit before income tax		105,500	347,835
Income tax (expense) / benefit	A.4	(20,986)	(37,169)
Profit for the year		84,514	310,666
Other comprehensive income / (loss) for the year net of income tax that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(12,268)	(31,577)
Total other comprehensive (loss) / income for the year, net of income tax		(12,268)	(31,577)
Total comprehensive income for the year attributable to equity holders of the Company		72,246	279,089
	Note	cents per share	cents per share
Earnings per share			
Basic earnings per share (cents per share)	A.3	9.04	34.05
Diluted earnings per share (cents per share)	A.3	9.01	33.92

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

as at 30 June

In A\$'000	Note	2024	2023
Assets			
Cash and cash equivalents	C.1	523,838	1,011,212
Trade and other receivables	D.1	49,650	59,574
Tax receivable		7,025	–
Prepayments		6,195	3,899
Inventories	D.2	120,576	111,893
Total current assets		707,284	1,186,578
Inventories	D.2	11,169	12,882
Property, plant and equipment	B.1	1,920,179	1,294,511
Deferred development expenditure	B.1	73,984	49,693
Intangible assets		1,267	1,401
Deferred tax assets	A.4	5,889	8,959
Other non-current assets	D.3	85,149	84,651
Total non-current assets		2,097,637	1,452,097
Total assets		2,804,921	2,638,675
Liabilities			
Interest payable		–	265
Trade and other payables	D.4	92,356	82,004
Borrowings	C.2	28,544	10,004
Current tax liability		–	25,846
Employee benefits	D.5	6,033	5,084
Provisions	D.5	37,462	37,264
Lease liabilities		4,952	4,514
Total current liabilities		169,347	164,981
Borrowings	C.2	143,294	167,375
Employee benefits	D.5	468	1,414
Provisions	D.5	241,819	133,039
Lease liabilities		7,188	8,462
Total non-current liabilities		392,769	310,290
Total liabilities		562,116	475,271
Net assets		2,242,805	2,163,404
Equity			
Share capital	C.4	2,091,089	2,091,089
Retained earnings		220,410	135,896
Reserves	C.5	(68,694)	(63,581)
Total equity attributable to the equity holders of the Company		2,242,805	2,163,404

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June

In A\$'000	Note	Share capital	Retained earnings	Foreign currency translation reserve	Equity settled employee benefits reserve	Warrant reserve	Total
Balance at 1 July 2023		2,091,089	135,896	(151,147)	65,801	21,765	2,163,404
Other comprehensive loss for the year		–	–	(12,279)	–	–	(12,279)
Total profit for the year		–	84,514	–	–	–	84,514
Total comprehensive profit for the year		–	84,514	(12,279)	–	–	72,235
Employee remuneration settled through share-based payments	E.7	–	–	–	7,166	–	7,166
Balance at 30 June 2024		2,091,089	220,410	(163,426)	72,967	21,765	2,242,805
Balance at 1 July 2022		1,859,598	(174,770)	(119,570)	58,591	21,765	1,645,614
Other comprehensive gain for the year		–	–	(31,577)	–	–	(31,577)
Total profit for the year		–	310,666	–	–	–	310,666
Total comprehensive profit for the year		–	310,666	(31,577)	–	–	279,089
Issue of shares	C.4	231,491	–	–	–	–	231,491
Employee remuneration settled through share-based payments	E.7	–	–	–	7,210	–	7,210
Balance at 30 June 2023		2,091,089	135,896	(151,147)	65,801	21,765	2,163,404

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June

In A\$'000	Note	2024	2023
Cash flows from operating activities			
Receipts from customers		460,843	820,837
Payments to suppliers and employees		(340,036)	(397,170)
Payments for discharge of rehabilitation obligation	D.5	(26,917)	(6,209)
Royalties paid		(8,158)	(16,095)
Income taxes paid		(50,768)	(14,609)
Net cash from operating activities	C.1	34,964	386,754
Cash flows from investing activities			
Payments for property, plant and equipment and development expenditure		(579,339)	(595,516)
Grants received in relation to property, plant and equipment		32,575	15,378
Security bonds paid		(97)	(1,180)
Security bonds refunded		1,889	122
Interest received		40,148	31,358
Deposit as collateral for AELB		(2,394)	(4,664)
Redemption of term deposit		–	–
Net cash used in investing activities		(507,218)	(554,502)
Cash flows from financing activities			
Interest and other financing costs paid		(6,376)	(6,244)
Proceeds from the issue of share capital		–	214,352
Repayment of lease liabilities		(5,734)	(3,151)
Repayment of borrowings		(10,428)	(5,955)
Net cash provided from / (used in) financing activities		(22,538)	199,002
Net (decrease) / increase in cash and cash equivalents		(494,792)	31,254
Cash and cash equivalents at the beginning of the year		1,011,212	965,584
Effect of exchange rate fluctuations (net) on cash held		7,418	14,374
Closing cash and cash equivalents	C.1	523,838	1,011,212

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2024

ABOUT THIS REPORT

Lynas Rare Earths Limited (the "Company") is a for-profit company domiciled and incorporated in Australia.

The financial report of Lynas Rare Earths Limited as at and for the year ended 30 June 2024 comprises the Company and its subsidiaries (together referred to as the "Group"). The financial report was approved by the Board of Directors (the "Directors") on 28 August 2024.

The Group is principally engaged in the extraction and processing of rare earth minerals, primarily in Australia and Malaysia.

The address of the registered office of the Company is Level 4, 1 Howard St, Perth, Western Australia.

BASIS OF PREPARATION

Statement of compliance

The financial report is a general purpose financial report and has been prepared in accordance with Australian Accounting Standards ("AASs") issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

The financial report also complies with International Financial Reporting Standards and Interpretations ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Going concern

The financial report has been prepared using the going concern assumption.

Basis of measurement

The financial report has been prepared under the historical cost convention, except for the borrowings which are at amortised cost.

Information as disclosed in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the current year is for the 12 month period ended 30 June 2024. Information for the comparative year is for the 12 month period ended 30 June 2023.

Consolidation of subsidiaries

Subsidiaries are entities controlled by the Company or the Group. Control is achieved when the Company or Group has power over the investee, is exposed, or has the rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the financial report from the date control (or effective control) commences until the date that control ceases. As per Note E.4 all entities within the Group are 100% owned and controlled.

Intra-group balances and unrealised items of income and expense arising from intra-group transactions are eliminated in preparing the financial report. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same manner as gains, but only to the extent that there is no evidence of impairment.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, in relation to the "rounding off" of amounts. Amounts in the Directors' Report and Financial Report have been rounded off, in accordance with the Instrument, to the nearest thousand dollars, unless otherwise stated.

Currency and foreign exchange

The financial report of the Company and the Group is presented in Australian Dollars ("AUD"), which is both the Company's and the Group's presentation currency.

Items included in the financial report of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of the respective entities at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated to the functional currency of the respective entities at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency of the respective entities at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognised in the statement of comprehensive income as a component of the profit or loss.

Foreign operations

The results and financial position of those entities that have a functional currency different from the presentation currency of the Group are translated into the Group's presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date of the statement of financial position;
- income and expense items for each profit or loss item are translated at average exchange rates;
- items of other comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

As at 30 June 2024, the entities that have a different functional currency to the Group's presentation currency (AUD) are Lynas Africa Limited (USD functional currency), Lynas USA LLC (USD functional currency) and Lynas Malaysia Sdn Bhd (MYR functional currency).

Foreign exchange risk management

As a result of the Group's international operations, foreign exchange risk exposures exist on purchases, assets and borrowings that are denominated in foreign currencies (i.e. currencies other than the functional currency of each of the Group's operating entities). The currencies in which these transactions are primarily denominated are the AUD, USD and MYR.

The Group takes advantage of natural offsets to the extent possible. Therefore, when commercially feasible, the Group borrows in the same currencies in which cash flows from operations are generated. Generally the Group does not use forward exchange contracts to hedge residual foreign exchange risk arising from receipts and payments denominated in foreign currencies. However, when considered appropriate the Group may enter into forward exchange contracts to hedge foreign exchange risk arising from specific transactions.

The Group's primary exposure to foreign exchange risk is on the translation of net assets of Group entities which are denominated in currencies other than AUD, which is the Group's presentation currency. The impact of movements in exchange rates is recognised primarily in the other comprehensive income component of the Group's statement of comprehensive income.

Certain subsidiaries within the Group are exposed to foreign exchange risk on purchases denominated in currencies that are not the functional currency of that subsidiary. In these circumstances, a change in exchange rates would impact the net operating profit recognised in the profit or loss component of the Group's statement of comprehensive income. Details of this exposure is detailed in the capital risks in Section C of this report.

BASIS OF PREPARATION *continued*

A. EARNINGS FOR THE YEAR

This section includes the results and performance of the Group. It includes segmental information and details about the Group's tax position.

A.1. Segment revenue and expenses

AASB 8 Operating Segments ("AASB 8") requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Makers (CODM) in order to allocate resources to the segment and to assess its performance.

At year end, the Group's CODM are the Board of Directors of the Company, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the VP Major Projects, the General Counsel & Company Secretary, the VP Malaysia, the VP People & Culture and the VP Strategy and Investor Relations. Information reported to the Group's CODM for the purposes of resource allocation and assessment of performance currently focuses on the operation of the Group's integrated rare earth extraction and process facilities.

The Group has only one reportable segment under AASB 8 being its rare earth operations. The CODM does not review the business activities of the Group based on geography.

All of the Group's revenue is derived through the sale of Rare Earth products and is sold to non-Australian customers.

The accounting policies applied by this segment are the same as the Group's accounting policies. Results from operating activities represent the profit earned by this segment without allocation of interest income and expense and income tax benefit (expense). The CODM assess the performance of the operating segment based on adjusted EBITDA. Adjusted EBITDA is defined as net profit before income tax expense, net of financial expenses, depreciation and amortisation and adjusted to exclude certain significant items, including but not limited to such items as employee remuneration settled through share-based payments, restructuring costs, unrealised gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write downs.

In July 2024 the IFRS IC published an agenda decision which discusses how an entity applies the requirements in paragraph 23 of IFRS 8 Operating Segments. The group is currently analysing the potential impacts of this agenda decision to its segment reporting.

23% (FY23: 34%) of the Group's non-current assets are located in Malaysia and the remaining 77% (FY23: 66%) are in Australia.

Recognition and measurement

Revenue from contracts with customers

Rare Earth product sales

The Group derives revenue from the sale of rare earth products, which are governed by a sales contract with their customers. Revenue is recognised in relation to rare earth sales at the time control transfers to customers at the date of loading/shipment. Sales made under CIF incoterms, where the Group is responsible for freight and shipping, are generally recognised at the point in time when the rare earth products are loaded onto the vessel for shipment. In these sales, the freight and shipping service represents a separate performance obligation to the sale of the rare earth products. For those sales not made under CIF incoterms, this timing is upon the delivery of the rare earth products.

Provisionally priced sales

Certain of the Group's sales are provisionally priced, where the final price depends on the sale price of products sold to a third party outside of the Lynas transaction. Adjustments to the sales price occur based on movements in market prices up to the secondary point of sale. Under AASB 15 any fair value adjustments on receivables subject to Quotational Pricing (QP) are recognised in other revenue and not included in revenue from contracts with customers.

Shipping services

As noted above, a portion of the Group's rare earth product sales are sold on CIF incoterms, whereby the Group is responsible for providing freight and shipping services after the date that it transfers control of the rare earth products to the customer. Under AASB 15, it has been concluded that freight and shipping represent a separate performance obligation and that the Group acts as principal. As a result, a portion of the transaction price is required to be allocated to this performance obligation and will be recognised over time on a gross basis as the services are provided. The Group has concluded that for the FY24 period the amount is insignificant and therefore not disclosed separately in Note A.1.

Royalties

Obligations arising from royalty arrangements are recognised as current liabilities and included as part of the cost of goods sold in the statement of comprehensive income as a component of profit or loss. Lynas currently pays royalties to the Western Australian Department of Minerals and Petroleum for the export of Rare Earth concentrate to Malaysia.

Financial income and expenses

Financial income comprises interest income and gains on derivative financial instruments in respect of investing activities that are recognised in the statement of comprehensive income as a component of the profit or loss. Interest income is recognised as it accrues using the effective interest method.

Financial expenses comprise interest expense, impairment losses recognised on financial assets (except for trade receivables) and losses in respect of financing activities on derivative instruments that are recognised in the statement of comprehensive income as a component of the profit or loss. All borrowing costs not qualifying for capitalisation are recognised in the statement of comprehensive income as a component of the profit or loss using the effective interest method.

Financial Statements

Notes to the Financial Statements *continued*

A.1 Segment revenue and expenses *continued*

In A\$'000	For the year ended 30 June 2024			For the year ended 30 June 2023		
	Rare Earth Operations	Corporate/ Unallocated	Total Continuing Operations	Rare Earth Operations	Corporate/ Unallocated	Total Continuing Operations
Business segment reporting						
Revenue from contracts with customers	464,446	–	464,446	787,123	–	787,123
Other revenue:						
Revenue adjustments	(1,161)	–	(1,161)	(47,844)	–	(47,844)
Total revenue	463,285	–	463,285	739,279	–	739,279
Cost of sales (excl depreciation)	(279,989)	–	(279,989)	(346,177)	–	(346,177)
Cost of sales (depreciation)	(50,597)	–	(50,597)	(53,711)	–	(53,711)
Gross profit	132,699	–	132,699	339,391	–	339,391
Employee and production costs net of costs recovered through production	(13,914)	(11,556)	(25,470)	(9,495)	(9,577)	(19,072)
Depreciation expenses net of cost recovered through production	(4,630)	(1,671)	(6,301)	(6,412)	(2,058)	(8,470)
Other general and administration expenses ⁽¹⁾	(12,527)	(17,147)	(29,674)	(13,177)	(13,530)	(26,707)
Total general and admin expenses	(31,071)	(30,374)	(61,445)	(29,084)	(25,165)	(54,249)
Other (expenses)/income	–	(1,008)	(1,008)	–	(1,821)	(1,821)
Net foreign exchange gain	–	4,988	4,988	–	32,183	32,183
Profit / (loss) before interest and tax ("EBIT")	101,628	(26,394)	75,234	310,307	5,197	315,504
Other financial income			39,846			36,355
Financial expenses			(9,580)			(4,024)
Profit before income tax			105,500			347,835
Income tax (expense) / benefit			(20,986)			(37,169)
Profit for the year			84,514			310,666
EBIT ⁽²⁾	101,628	(26,394)	75,234	310,307	5,197	315,504
Depreciation and amortisation	55,227	1,671	56,898	60,123	2,058	62,181
EBITDA⁽²⁾	156,855	(24,723)	132,132	370,430	7,255	377,685
Included in EBITDA:						
Non-cash employee remuneration settled through share based payments comprising:						
Share based payments expense for the year	7,167	–	7,167	7,210	–	7,210
Other expenses / (income)	–	1,008	1,008	–	1,821	1,821
Adjusted EBITDA⁽³⁾	164,022	(23,715)	140,306	377,640	9,076	386,716
Total assets	1,306,725	1,498,196	2,804,921	1,072,134	1,566,541	2,638,675
Total liabilities	(391,594)	(170,522)	(562,116)	(264,544)	(210,727)	(475,271)

(1) Other general and administration expenses include statutory, consulting, insurance, IT, marketing and general office costs.

(2) EBIT, EBITDA and Adjusted EBITDA are non IFRS measures.

A.2 Financial income and expenses

In A\$'000	For the year ended 30 June	
	2024	2023
Interest income on cash and cash equivalents	39,846	36,355
Total financial income	39,846	36,355
<i>Interest expense on financial liabilities:</i>		
Interest expense on JARE loan facility	(5,630)	(5,797)
Unwinding of effective interest on JARE loan facility	(6,530)	(7,017)
Non-cash adjustment to financial liabilities	–	2,195
Interest capitalised to qualifying assets	12,119	12,766
Unwinding of discount on restoration and rehabilitation provision	(8,459)	(5,318)
Interest expense on lease liabilities	(810)	(471)
Discount unwinding on AELB deposit	465	374
Financing transaction costs and fees	(735)	(756)
Total financial expenses	(9,580)	(4,024)
Net financial income	30,266	32,331

Financial Statements

Notes to the Financial Statements *continued*

A.3. Earnings per share

Recognition and measurement

Basic earnings per share amounts are calculated by dividing net loss or profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the amount used in the determination of the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share from continuing operations.

The earnings and weighted average number of ordinary shares used in the calculations of basic and diluted earnings per share are as follows:

In A\$'000	As at 30 June	
	2024	2023
Net earnings attributed to ordinary shareholders	84,514	310,666
Earnings used in calculating basic earnings per share	84,514	310,666
Net earnings impact of assumed conversions of diluted EPS	–	–
Earnings used in calculating diluted earnings per share	84,514	310,666
Number of ordinary shares on issue ('000)	934,694	933,815
Weighted average number of ordinary shares used in calculating basic earnings per share ('000)	934,374	912,350
Weighted average number of ordinary shares used in calculating diluted earnings per share ('000)	937,993	915,853
	cents per share	cents per share
Basic earnings per share (cents per share)	9.04	34.05
Diluted earnings per share (cents per share)	9.01	33.92

The following dilutive shares are included in the share base for the calculation of dilutive earnings per share:

In A\$'000	As at 30 June	
	2024	2023
Performance rights	3,619	3,503
Total	3,619	3,503

A.4. Income taxes

A.4.1. Income tax expense

In A\$'000	For the year ended 30 June	
	2024	2023
Current tax		
Current tax expense in respect of the current year	18,591	36,088
Adjustments recognised in the current year in relation to the current tax in prior years	(675)	(1,304)
	17,916	34,784
Deferred tax		
Deferred tax expense recognised in the year	3,070	2,385
Total income tax expense relating to the continuing operations	20,986	37,169

A.4.2. Reconciliation of income tax to tax expense

In A\$'000	For the year ended 30 June	
	2024	2023
Profit before tax for continuing operations	105,500	347,835
Income tax expense calculated at 30% (2023: 30%)	31,650	104,350
Add / (deduct):		
Effect of expenses that are not deductible and income that is not assessable in determining taxable profit	3,327	2,524
Effect of difference in tax rate in subsidiaries and branches	(775)	(548)
Adjustments recognised in the current year in relation to the current tax in prior years	(675)	(1,304)
Effect of current year losses not recognised	25	244
Effect of tax exemption due to pioneer status in Malaysia	(12,566)	(68,097)
Total current year income tax expense	20,986	37,169

Financial Statements

Notes to the Financial Statements *continued*

A.4 Income taxes *continued*

A.4.3. Movements in deferred tax balances

In A\$'000	Balance at 30 June 2023	Recognised in profit or loss	Relating to equity	Recognised in OCI	Balance at 30 June 2024
Temporary differences					
Inventory	(671)	(384)	–	–	(1,055)
Development expenditure	(29,753)	(10,680)	–	–	(40,433)
Property plant and equipment	(3,132)	1,793	–	–	(1,340)
Borrowings	17,492	283	–	–	17,775
Trade payables	208	403	–	–	611
Business related costs	1,604	(916)	–	–	687
Lease liabilities	3,864	(224)	–	–	3,640
Provisions	21,529	3,711	–	–	25,241
Foreign Exchange	(2,182)	2,944	–	–	763
Net deferred tax asset recognised	8,959	(3,070)	–	–	5,889

In A\$'000	Balance at 30 June 2022	Recognised in profit or loss	Relating to equity	Recognised in OCI	Balance at 30 June 2023
Temporary differences					
Inventory	(981)	310	–	–	(671)
Development expenditure	(22,124)	(7,629)	–	–	(29,753)
Property plant and equipment	(169)	(2,963)	–	–	(3,132)
Borrowings	16,285	1,207	–	–	17,492
Trade payables	140	68	–	–	208
Business related costs	2,594	(990)	–	–	1,604
Lease liabilities	982	2,882	–	–	3,864
Provisions	14,617	6,912	–	–	21,529
Foreign Exchange	–	(2,182)	–	–	(2,182)
Net deferred tax asset recognised	11,344	(2,385)	–	–	8,959

A.4.4. Unrecognised deferred tax assets

In A\$'000	As at 30 June	
	2024	2023
Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:		
Gross revenue losses		
Australia	–	–
Malaysia	72,163	82,896
United States	3,636	3,587
Malawi	95	60

Recognition and measurement

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income as a component of the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised with the associated items on a net basis. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method of providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time the liability to pay the related dividend is recognised. Deferred income tax assets and liabilities in the same jurisdiction are offset in the statement of financial position only to the extent that there is a legally enforceable right to offset current tax assets and current tax liabilities and the deferred balances relate to taxes levied by the same taxing authority and are expected either to be settled on a net basis or realised simultaneously.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2002 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Lynas Rare Earths Limited. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Entities within the tax-consolidated group have entered into a tax sharing agreement with the Company. The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the Company default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

KEY ESTIMATES AND JUDGEMENTS

Recognition of deferred tax assets

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. In making the assessment, the Group has given specific due consideration to:

- The pioneer period status (tax holiday) in relation to the Malaysian operations through to 2026.
- Tax losses generated during this period will be utilised prior to the tax exemption being applied, with any unused losses available for utilisation by the Group once the pioneer period expires.
- Tax losses generated prior to the pioneer period will remain available for use offsetting non-pioneer profits during the pioneer period for a period of 10 years after incurring the loss. At 30 June 2024, losses in Malaysia include A\$72m in business losses.

The recognised deferred asset relates to temporary timing differences within the Australian tax group.

B. PRODUCTION AND EXPLORATION ASSETS

This section includes information about the recognition, measurement, depreciation, amortisation and impairment considerations of the core producing and exploration assets of the Group.

B.1. Property, plant and equipment and mine development

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (if any).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of property, plant and equipment acquired in a business combination is determined by reference to its fair value at the date of acquisition. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the cost of that equipment.

Assets under construction

Assets under construction are transferred to the appropriate asset category when they are ready for their intended use.

Borrowing cost

Borrowing costs directly attributable to the acquisition or construction of an item of property, plant and equipment are capitalised until such time as the assets are substantially ready for their intended use. The interest rate used equates to the weighted effective interest on debt where general borrowings are used or the relevant interest rate where specific borrowings are used to finance the construction. During FY24, a capitalisation rate of 6.7% was applied. (FY23: 6.7%).

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as a component of the profit or loss as incurred.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is netted off against the capitalised cost of the related asset.

Depreciation

Depreciation is recognised in the statement of comprehensive income as a component of the profit or loss or capitalised as a component of inventory in the statement of financial position (which is subsequently released to the profit or loss through the cost of goods sold on the sale of the underlying product) using a method that reflects the pattern in which the economic benefits embodied within the asset are consumed. Generally, this is on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment.

The estimated useful lives for the material classes of property, plant and equipment are as follows:

Leasehold land	30 to 99 years	Buildings	5 to 30 years
Plant and equipment	2 to 30 years	Fixtures and fittings	2 to 15 years
Leasehold improvements	3 to 30 years	Motor vehicles	8 years
Rehabilitation assets	20 to 30 years		

Depreciation methods, useful lives and residual values are reassessed on an annual basis.

Gains and losses on the disposal of items of property, plant and equipment are determined by comparing the proceeds (if any) at the time of disposal with the net carrying amount of the asset.

Development expenditure

Once an area of interest has been established as commercially viable and technically feasible, expenditure other than that relating to land, buildings and plant and equipment is capitalised as development expenditure. Development expenditure includes previously capitalised exploration and evaluation expenditure, pre-production development expenditure and other subsurface expenditure pertaining to that area of interest. Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment.

Development costs are accumulated in respect of each separate area of interest. Costs associated with commissioning new assets in the period before they are capable of operating in the manner intended by management, are capitalised. Development costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit.

When an area of interest is abandoned or the Directors decide that it is not commercially viable or technically feasible, any accumulated costs in respect of that area are written off in full in the statement of comprehensive income as a component of the profit or loss in the period in which the decision to abandon the area is made to the extent that they will not be recoverable in the future.

Development assets are assessed for impairment if the facts and circumstance suggest that the carrying amount exceed the recoverable amount. For the purpose of impairment testing, development assets are allocated to the cash-generating units ("CGUs") to which the development activity relates.

Deferred stripping

Overburden and other mine waste materials are often removed during the initial development of a mine in order to access the mineral deposit. This activity is referred to as development or pre-production stripping. The directly attributable costs associated with these activities are capitalised as a component of development costs. Capitalisation of development stripping ceases and amortisation of those capitalised costs commences upon extraction of ore. Amortisation of capitalised development stripping costs occurs on a unit of production basis with reference to the life of mine of the relevant area of interest.

Removal of waste material normally continues through the life of a mine. This activity is referred to as production stripping and commences upon the extraction of ore.

Amortisation of development

Amortisation of development is recognised either in the statement of comprehensive income as a component of the profit or loss or capitalised as a component of inventory in the statement of financial position (which is subsequently released to the profit or loss through the cost of goods sold on the sale of the underlying product) on a units of production basis which aims to recognise cost proportionally to the depletion of the economically recoverable mineral resources. Costs are amortised from the commencement of commercial production.

B.1 Property, plant and equipment and mine development *continued*

KEY ESTIMATES AND JUDGEMENTS

Development Expenditure

Development activities commence after project sanctioning by the appropriate level of management and the Board. Judgement is applied by management in determining when a project is economically viable. In exercising this judgement, management is required to make certain estimates and assumptions as described above for capitalised development expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the statement of comprehensive income.

Stripping Asset

As with many mining operations similar to Mt Weld, overburden and other mine waste materials are often removed during the initial development of a mine in order to access the mineral deposit. The extraction of the ore body itself will also include a waste component extracted during the mining campaign. The costs of extraction of both these elements form the stripping costs. Judgement is required to identify a suitable allocation basis to apportion the stripping costs between inventory and any stripping assets for each component.

The Group considers that the ratio of the expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the ore body, to be the most suitable production measure. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity.

Pre-Production Stripping

The Group has determined that the overburden removal where no ore is recovered forms part of a pre-production stripping asset and has been determined to provide more accessibility to the total ore body and is amortised on this basis.

Production Stripping ratio

The Group has adopted a policy of deferring production stage stripping costs and amortising them on a units-of-production basis. Judgement is required in determining the contained ore units for each mining campaign.

Estimation of mineral reserves and resources – refer to Note B.2

	Property, Plant and Equipment								Development Expenditure		
	Leasehold land	Buildings plant and equipment	Fixtures and fittings	Right of Use Assets	Assets under construction	Rehabilitation asset	Leasehold improvements	Total	Development expenditure	Pre-production / Stripping asset	Total
In A\$'000											
As at 30 June 2024											
Cost	27,774	924,577	9,760	20,623	1,288,162	348,371	21,062	2,640,329	50,560	49,987	100,547
Accumulated impairment losses	–	(180,990)	(378)	–	(266)	–	(7,114)	(188,748)	(4,428)	–	(4,428)
Accumulated depreciation	(4,504)	(459,714)	(7,563)	(10,861)	–	(41,822)	(6,938)	(531,402)	(7,793)	(14,342)	(22,135)
Carrying amount	23,270	283,873	1,819	9,762	1,287,896	306,549	7,010	1,920,179	38,339	35,645	73,984
Opening cost	28,281	919,835	9,079	16,500	753,802	222,080	21,226	1,970,803	32,120	40,504	72,624
Opening accumulated impairment and depreciation	(4,301)	(615,286)	(7,364)	(4,108)	(268)	(31,386)	(13,579)	(676,292)	(11,317)	(11,614)	(22,931)
Opening carrying amount	23,980	304,549	1,715	12,392	753,534	190,694	7,647	1,294,511	20,803	28,890	49,693
Additions	–	1,351	751	4,111	543,357	–	–	549,570	18,474	9,483	27,957
Disposals	–	(703)	–	–	–	–	–	(703)	–	–	–
Depreciation expense	(287)	(35,754)	(754)	(6,788)	–	(11,065)	(736)	(55,384)	–	–	–
Amortisation expense	–	–	–	–	–	–	–	–	(340)	(2,728)	(3,068)
Impairment loss	–	–	–	–	–	–	–	–	(598)	–	(598)
Change in rehabilitation obligations	–	–	–	–	–	125,930	–	125,930	–	–	–
Capitalised interest	–	–	–	–	12,119	–	–	12,119	–	–	–
Transfers	–	16,874	85	–	(17,159)	–	200	–	–	–	–
Foreign currency translation	(423)	(2,444)	22	47	(3,955)	990	(101)	(5,864)	–	–	–
Carrying amount at 30 June 2024	23,270	283,873	1,819	9,762	1,287,896	306,549	7,010	1,920,179	38,339	35,645	73,984

Restrictions on the title of property plant and equipment and development assets are outlined in Note C.3.

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Notes to the Financial Statements *continued*

B.1 Property, plant and equipment and mine development *continued*

In A\$'000	Property, Plant and Equipment								Development Expenditure		
	Leasehold land	Buildings plant and equipment	Fixtures and fittings	Right of Use Assets	Assets under construction	Rehabilitation asset	Leasehold improvements	Total	Development expenditure	Pre-production / Stripping asset	Total
As at 30 June 2023											
Cost	28,281	919,835	9,079	16,500	753,802	222,080	21,226	1,970,803	32,120	40,504	72,624
Accumulated impairment losses	–	(184,242)	(385)	–	(268)	–	(7,244)	(192,179)	(3,860)	–	(3,860)
Accumulated depreciation	(4,301)	(431,004)	(6,979)	(4,108)	–	(31,386)	(6,335)	(484,113)	(7,457)	(11,614)	(19,071)
Carrying amount	23,980	304,549	1,715	12,392	753,534	190,694	7,647	1,294,511	20,803	28,890	49,693
Opening cost	28,891	918,536	8,016	5,494	204,703	200,179	20,404	1,386,223	26,049	39,096	65,145
Opening accumulated impairment and depreciation	(4,102)	(577,209)	(6,760)	(2,260)	(258)	(25,022)	(13,266)	(628,877)	(10,664)	(5,485)	(16,149)
Opening carrying amount	24,789	341,327	1,256	3,234	204,445	175,157	7,138	757,346	15,385	33,611	48,996
Additions	–	6,539	784	12,110	552,562	–	1,096	573,091	5,915	1,408	7,323
Disposals	–	(4,168)	–	–	–	–	–	(4,168)	–	–	–
Depreciation expense	(292)	(50,472)	(682)	(2,936)	–	(6,922)	(604)	(61,908)	–	–	–
Amortisation expense	–	–	–	–	–	–	–	–	(497)	(6,129)	(6,626)
Change in rehabilitation obligations	–	–	–	–	–	25,259	–	25,259	–	–	–
Capitalised interest	–	–	–	–	12,766	–	–	12,766	–	–	–
Transfers	–	14,246	360	–	(14,764)	–	158	–	–	–	–
Foreign currency translation	(517)	(2,923)	(3)	(16)	(1,475)	(2,800)	(141)	(7,875)	–	–	–
Carrying amount at 30 June 2023	23,980	304,549	1,715	12,392	753,534	190,694	7,647	1,294,511	20,803	28,890	49,693

B.2. Impairment of non-current assets

The carrying amounts of the Group's non-financial assets are reviewed at least annually to determine whether there is any indication of impairment. If any such indicators exist then the asset or CGU's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amounts are estimated at least annually and whenever there is an indication that they may be impaired.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income as a component of the profit or loss. Impairment losses recognised in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other non-financial assets in the CGU on a pro-rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax

discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In assessing the fair value less cost to sell, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include a discounted future cash flows analysis and adjusted EBITDA (forecasted) multiplied by a relevant market indexed multiple.

In respect of assets other than goodwill, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's revised carrying amount will not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised.

Recognised impairment

There was \$0.6m of impairment expense recognised on specific development assets during FY24 (FY23: nil). There was no reversal of prior period impairment loss recognised in FY24 (FY23: Nil).

KEY ESTIMATES AND JUDGEMENTS

Reserve estimates and mine life

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's mining tenements. In order to calculate reserves, estimates and assumptions are required to be formulated about a range of geological, technical and economic factors including quantities, grades, production techniques, recovery rates, production costs, transportation costs, refining costs, commodity demand, commodity prices and exchange rates. Estimating the quantity and/or grade of reserves requires the size, shape and depth of the ore bodies or field to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgement and calculation to interpret the data.

As the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

- asset carrying values may be affected due to changes in the estimated future cash flows; and
- depreciation and amortisation charges in the statement of comprehensive income may change as result of the change in the useful economic lives of assets.

Mineral resources and ore reserves are reported in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code").

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing recoverable value, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where applicable, the fair value less costs to sell calculation is based on a 18-year discounted cash flow (DCF) model. The cash flows are derived from the two-year budget and forecast model that is extrapolated over 18 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to product price movement, volume, operating and capital cost, the discount rate used for the discounted cash flows model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

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Notes to the Financial Statements *continued*

C. CASH, BORROWINGS AND CAPITAL

This section includes information about cash and cash equivalents, borrowings and capital position of the Company at the end of the reporting period.

C.1. Cash and cash equivalents

In A\$'000	As at 30 June	
	2024	2023
Cash at bank and on hand	202,197	203,746
Short term deposits	321,641	807,466
Total cash and cash equivalents	523,838	1,011,212

Recognition and measurement

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of less than three months.

Fair value and foreign exchange risk

The carrying amount of cash and cash equivalents approximates their fair value.

The Group's cash and cash equivalents include A\$321.6m in currencies other than Australian dollars, primarily US\$148.4m (30 June 2023: US\$285.6m) and MYR 253.5m (30 June 2023: MYR 329.7m).

Reconciliation of the profit for the year with the net cash from operating activities

In A\$'000	For the year ended 30 June	
	2024	2023
Profit for the year	84,514	310,666
Adjustments for:		
Depreciation and amortisation	56,898	62,180
Share-based payments	7,166	7,210
Net financial (income) / expenses	(30,266)	(32,331)
Loss / (gain) on disposal of property, plant and equipment and other non-cash transactions	1,798	2,611
Income tax (benefit) / expense	20,986	37,169
Foreign exchange gain included in profit for the year	(4,988)	(32,183)
Change in trade and other receivables	7,628	53,105
Change in inventories	(4,924)	(19,170)
Change in operating trade and other payables	(24,963)	17,256
Change in employee benefit provision	(1,200)	1,059
Change in provisions (rehabilitation obligation)	(26,917)	(6,209)
Income tax paid	(50,768)	(14,609)
Net cash from operating activities	34,964	386,754

C.2. Interest Bearing Liabilities

In A\$'000	As at 30 June	
	2024	2023
Current borrowings		
JARE loan facility ⁽¹⁾	28,544	10,004
Total current borrowings	28,544	10,004
Non-current borrowings		
JARE loan facility	143,294	167,375
Total non-current borrowings	143,294	167,375

(1) In line with the repayment schedule below, payments of US\$10m (AU\$14.9m) are due on 31 December 2024 and 30 June 2025. These have been classified as current liabilities at 30 June 2024.

Recognition and measurement

Interest bearing loans and borrowings

Subsequent to initial recognition interest bearing loans and borrowings are measured at amortised cost using the effective interest method.

KEY ESTIMATES AND JUDGEMENTS

Interest bearing loans and borrowings are measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the amortised cost of the liability. The Group has applied judgement and determined the appropriate rate for a similar instrument to be 6.5% (FY23: 6.5%). When the Group revises the estimates of future cash flows, the carrying amount of the financial liability is adjusted to reflect the new estimate discounted using the original effective rate. Any changes are recognised in the profit or loss.

Fair value and foreign exchange risk

The fair value of borrowings, which have been determined for disclosure purposes, is calculated by discounting the future contractual cash flows at the current market interest rates that are available for similar financial instruments. The fair value methodology adopted was categorised as Level 3 in the fair value hierarchy. There has been no change to the valuation technique during the year. These have been determined as follows:

	As at 30 June 2024		As at 30 June 2023	
	Carrying amount (AUD '000)	Fair value (AUD '000)	Carrying amount (AUD '000)	Fair value (AUD '000)
JARE loan facility	171,838	162,929	177,379	164,576
	171,838	162,929	177,379	164,576

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Notes to the Financial Statements *continued*

C.2. Interest Bearing Liabilities *continued*

Terms and debt maturity schedule

	Currency	Nominal interest rate	Date of maturity	As at 30 June 2024		As at 30 June 2023	
				Face value (USD '000)	Face value (AUD '000)	Face value (USD '000)	Face value (AUD '000)
JARE loan facility	USD	2.5%	June 2030	130,000	194,783	137,000	206,991
				130,000	194,783	137,000	206,991

Reconciliation of liabilities arising from financing activities

	30 June 2023	Cash flows	Non-cash Movements					30 June 2024
In A\$'000	Opening Balance	Repay-ments	Effective Interest	Foreign Exchange	Adjust-ment	Addi-tions ⁽¹⁾	Other	Closing Balance
JARE loan facility	177,379	(10,428)	6,530	(1,643)	–	–	–	171,838
Lease liability	12,976	(5,734)	810	(23)	–	4,111	–	12,140
Total	190,355	(16,162)	7,340	(1,666)	–	4,111	–	183,978

(1) Additions in the non-cash movements in the lease liability during the year ended 30 June 2024 related to finance leases recognised in line with AASB 16.

	30 June 2022	Cash flows	Non-cash Movements					30 June 2023
In A\$'000	Opening Balance	Repay-ments	Effective Interest	Foreign Exchange	Adjust-ment ⁽¹⁾	Addi-tions ⁽²⁾	Other ⁽³⁾	Closing Balance
JARE loan facility	186,801	(5,955)	7,017	7,137	(482)	–	(17,139)	177,379
Lease liability	3,662	(3,151)	471	(116)	–	12,110	–	12,976
Total	190,463	(9,106)	7,488	7,021	(482)	12,110	(17,139)	190,355

(1) Adjustments to the carrying values of the JARE loan during the year ended 30 June 2023 relate to changes in the cash flow profile used to measure the carrying value of the loan.

(2) Additions in the non-cash movements in the lease liability during the year ended 30 June 2023 related to finance leases recognised in line with AASB 16.

(3) Other non-cash movements in the JARE loan facility relate to the settlement of deferred interest due on the loan through shares. Refer to note C4.

C.3. Financing facilities

Japan Australia Rare Earths B.V. (JARE) loan facility

An extension of the JARE loan facility was announced on 27 June 2019. As part of this extension, new terms were agreed to as detailed below.

The maturity date of the JARE loan facility is 30 June 2030. The interest rate on this facility is 2.5% p.a. at 30 June 2024 (30 June 2023: 2.5% p.a.). Conditions linking the interest rate to the NdPr sales price in the previous facility have been removed.

Interest liabilities will be paid directly to the lenders at 31 December and 30 June each year.

There are a series of fixed repayments in the facility which have replaced the "Cash Sweep" mechanism in the former facility. The details of the fixed repayments are as follows:

Repayment date	Amount
Each half-year from 31 Dec 2024 to 31 Dec 2027	US\$10m on each date
Each half-year from 30 June 2028 to 30 June 2030	US\$12m on each date

Japan will have the following priority supply rights until 2038:

1. Any fundraising will not hinder Lynas' ability to support Japanese industries diversifying their rare earths supply sources, in accordance with the Availability Agreement announced on 30 March 2011.
2. Lynas shall ensure that in the event of competing demands from the Japanese market and a non-Japanese market for the supply by the Borrower or Lynas Malaysia for NdPr produced from the Lynas Malaysia plant, the Japanese market shall have priority of supply up to 7,200 tonnes per year subject to the terms of the Availability Agreement and to the extent that Lynas will not have any opportunity loss.
3. JARE has rights of negotiation with Lynas in priority to non-Japanese market customers for the priority supply to the Japanese market of additional NdPr and Nd products produced by the Lynas 2025 Project.
4. Lynas will continue to prioritize the needs of Japanese customers for the supply of Heavy Rare Earths products produced, to the extent possible under any agreement with the U.S.

To date, the JARE loan facility has been secured over all of the assets of the Group, other than the Malawi and Malaysia assets.

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Notes to the Financial Statements *continued*

C.4. Contributed equity

	As at 30 June			
	2024		2023	
	Number of shares '000	Value of shares A\$ '000	Number of shares '000	Value of shares A\$ '000
Balance at the beginning of the year	933,815	2,091,089	902,412	1,859,598
Issue of shares pursuant to exercised performance rights	903	–	1,268	–
Issue of shares pursuant to equity raising	–	–	30,135	231,491
Closing balance	934,718	2,091,089	933,815	2,091,089

All issued ordinary shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share. All shares rank equally with regard to the Group's residual assets in the event of a wind-up.

Recognition and measurement

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where equity instruments are reacquired by the Group, for example, as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the statement of comprehensive income and the consideration paid including any directly attributable incremental costs (net of income taxes) is directly recognised in equity.

C.5. Reserves

In A\$'000	As at 30 June	
	2024	2023
Equity settled employee benefits	72,967	65,801
Foreign currency translation	(163,426)	(151,147)
Warrant reserve	21,765	21,765
Balance at 30 June	(68,694)	(63,581)

Nature and purpose

The equity settled employee benefits reserve relates to performance rights granted by the Group to its employees under the employee share option plan. Further information about share-based payments to employees is set out in Note E.7.

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Warrant reserve includes options issued as part of rights issues.

Key Financial and capital risks associated with cash, debt and capital

Exposure to market, credit and liquidity risks arise in the normal course of the Group's business. The Directors and management of the Group have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Directors have established a treasury policy that identifies risks faced by the Group and sets out policies and procedures to mitigate those risks. Monthly consolidated financial reports are prepared for the Directors, who ensure compliance with the Group's risk management policies and procedures.

Capital risk management

The Directors are responsible for monitoring and managing the Group's capital structure.

The Directors' policy is to maintain an acceptable capital base to promote the confidence of the Group's financiers and creditors and to sustain the future development of the business. The Directors monitor the Group's financial position to ensure that it complies at all times with its financial and other covenants as set out in its financing arrangements.

In order to maintain or adjust the capital structure, the Directors may elect to take a number of measures including, for example, to dispose of assets or operating segments of the business, to alter its short to medium term plans in respect of capital projects and working capital levels, or to re-balance the level of equity and external debt in place.

Capital comprises share capital, external debt and reserves.

Liquidity risk management

Liquidity risk is the risk that the Group will not meet its contractual obligations as they fall due. The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities as and when they fall due and comply with covenants under both normal and stressed conditions.

The Group evaluates its liquidity requirements on an on-going basis and ensures that it has sufficient cash on demand to meet expected operating expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Interest rate risk management

The Group's interest rate risk arises from long-term borrowings at both fixed and floating rates and deposits which earn interest at floating rates. Borrowings and deposits at floating rates expose the Group to cash flows interest rate risk. The Group's exposure to interest rate risk is shown below:

	30 June 2024	Interest Rate Risk		30 June 2023	Interest Rate Risk	
	Exposure	1.0%	-1.0%	Exposure	1.0%	-1.0%
In A\$'000		Impact on Profit and Equity			Impact on Profit and Equity	
Floating rate instruments						
Cash and cash equivalents	523,838	5,238	(5,238)	1,011,212	10,112	(10,112)
Other non-current assets	7,933	79	(79)	9,885	99	(99)
Total	531,771	5,317	(5,317)	1,021,097	10,211	(10,211)

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Notes to the Financial Statements *continued*

C.5. Reserves *continued*

Maturity analysis of financial liabilities

The table below sets out a maturity analysis for financial liabilities containing principal and interest flows. For loans outstanding, undiscounted cash flows are presented until contractual final maturity. Interest cash flows are projected based on the interest rates prevailing on the closing date.

In A\$'000	Carrying Amount	Contracted cash flows	Up to and including 6 months	Between 6 months and up to 1 year	Between 1 year and up to 5 years	Over 5 years
30 June 2024						
JARE loan facility	171,838	211,281	17,438	17,212	139,994	36,636
Lease liabilities	12,140	15,250	3,091	3,526	7,533	1,100
Total	183,978	226,531	20,529	20,738	147,527	37,736
30 June 2023						
JARE loan facility	177,379	228,778	5,630	10,097	138,258	74,793
Lease liabilities	12,976	15,384	2,451	3,115	8,718	1,100
Total	190,355	244,162	8,081	13,212	146,976	75,893

Foreign exchange risk management

The Group's foreign exchange risks are detailed in the basis of preparation of these financial reports.

There are two elements of foreign exchange risk. Firstly, the Group holds cash, trade receivables and trade payables currencies other than the functional currency of the Company in which it is held. Movement in the prevailing exchange rates have an impact on the Group's profit and equity. Secondly, the Group's members are exposed to foreign exchange risk on the translation of its operations that are denominated in currencies other than AUD. The Group's net assets denominated in currencies other than the AUD which have the potential of impacting the other comprehensive income component of the statement of comprehensive income are:

In A\$'000	Carrying Amount	Foreign Exchange Risk			
		-10%		10%	
		Profit	Equity	Profit	Equity
As at 30 June 2024					
Net exposure of US\$ financial assets	US\$ 175,205	19,982	–	(19,982)	–
Net exposure of A\$ financial assets	A\$ 26,074	1,574	–	(1,574)	–
Net asset exposure – MYR currency	MYR 2,187,208	–	(63,583)	–	77,713
Net asset exposure – US\$ currency	US\$ (5,339)	–	806	–	(806)
As at 30 June 2023					
Net exposure of US\$ financial assets	US\$ 183,224	21,767	–	(21,767)	–
Net exposure of A\$ financial assets	A\$ 60,133	6,525	–	(6,525)	–
Net asset exposure – MYR currency	MYR 2,093,861	–	(61,360)	–	74,996
Net asset exposure – US\$ currency	US\$ (5,343)	–	805	–	(805)

D. OTHER ASSETS AND LIABILITIES

This section includes information about the other assets and liabilities position at the end of the period.

D.1. Trade and other receivables

In A\$'000	As at 30 June	
	2024	2023
Trade receivables at fair value	42,624	49,192
GST / VAT receivables	3,981	5,920
Other receivables	3,045	4,462
Total current trade and other receivables	49,650	59,574

The Group's exposure to credit risk is primarily in its trade receivables at fair value. As at 30 June 2024 \$9.5m (2023: \$3.0m) of trade receivables were past due but not impaired. The full amount of \$9.5m has been received subsequent to 30 June 2024. Where debtors become overdue, the Group maintains regular contact and has a history of collecting trade receivables in full.

At 30 June 2024, the Group had sales under contract amounting to A\$96.2m (US\$64.2m) (30 June 2023: A\$190.0m (US\$126.0m)) subject to price adjustments. A 5% change in NdPr Pricing at 30 June 2024 would have resulted in an increase/decrease in the fair value of the trade receivable by \$4.2m (2023: \$2.3m). At the date of this report, A\$19.9m (US\$13.3m) of this amount has been finalised with minimal price adjustments.

Recognition and measurement

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for instruments with maturities greater than 12 months from the reporting date, which are classified as non-current assets. The Group's receivables comprise trade and other receivables (including related party receivables) which are stated at their cost less impairment losses.

Fair value and foreign exchange risk

Given the short-term nature of trade receivables, the carrying amount is a reasonable approximation of fair value.

All trade receivables are held in currencies other than the functional currency of the entity receipting them and therefore exposed to foreign exchange risk.

D.2. Inventories

In A\$'000	As at 30 June	
	2024	2023
Raw materials and consumables	40,033	48,351
Work in progress	64,966	54,242
Finished goods	26,746	22,182
Total inventories	131,745	124,775
Current inventories	120,576	111,893
Non-current inventories	11,169	12,882
Total inventories	131,745	124,775

During the year ended 30 June 2024 inventories of \$329.7m (2023: \$399.9m) were recognised as an expense, all of which were included in 'cost of sales'.

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Notes to the Financial Statements *continued*

D.2 Inventories *continued*

Depreciation recognised in inventories

The Group recognised depreciation on its property, plant and equipment and amortisation on its deferred development expenditure and intangible assets for the years ended 30 June 2024 and 2023 respectively in the following categories:

In A\$'000	Recognised in General and Administration Expense		Recognised in Inventory		Total	
	2024	2023	2024	2023	2024	2023
Property, plant and equipment	2,701	7,134	51,852	54,871	54,553	62,005
Deferred development expenditure	3,068	942	–	–	3,068	942
Intangibles	532	394	–	–	532	394
Total	6,301	8,470	51,852	54,871	58,153	63,341

On the sale of inventory to customers, the component of the depreciation or amortisation expense capitalised within inventory is reflected in the cost of goods sold in the statement of comprehensive income as a component of the profit or loss. This was \$50.6m in the year ended 30 June 2024 (2023: \$53.7m).

Write downs of inventory

During the year ended 30 June 2024, there were \$2.0m of inventory write-downs to net realisable value. (2023: \$1.8m)

Recognition and measurement

Raw materials, work in progress and finished goods

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based either on the first in first out ("FIFO") or weighted average principles and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured or refined inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory expected to be sold or consumed within the next 12 months is classified as current, with amounts expected to be consumed or sold after this time being classified as non-current.

Engineering and maintenance materials

Engineering and maintenance materials (representing either critical or long order components but excluding rotatable spares) are measured at the lower of cost and net realisable value. The cost of these inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is determined with reference to the cost of replacement of such items in the ordinary course of business compared to the current market prices.

D.3. Other non-current assets

In A\$'000	As at 30 June	
	2024	2023
Security deposits – banking facilities and other, Malaysia	2,081	3,878
Security deposits – banking facilities and other, Australia	8,620	6,007
Security deposits – banking facilities and other, USA	–	–
Security deposits – AELB	74,447	74,766
	85,148	84,651

Deposits to the Malaysian Government's Atomic Energy Licensing Board ("AELB") form a component of a total US\$50.0m of instalments due in accordance with the conditions underlying the granting of the original Full Operating Stage Licence to the Group for the Lynas Malaysia plant. The total amount deposited as security via a bond for the instalments is US\$39.0m (A\$58.4m) (all of which is interest earning). A further US\$11.0m paid via cash directly to AELB is not interest earning and has been discounted to a present value of A\$5.9m (FY23: A\$5.6m).

Under revisions to the operating licence, a further A\$10.2m in deposits have been made to the AELB to satisfy licence conditions.

Recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortised cost

This category is the most relevant to the Group as all deposits in Note D.3 are classified this way. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, and security deposits included under other non-current financial assets.

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Notes to the Financial Statements *continued*

D.4. Trade and other payables

As at 30 June

In A\$'000	2024	2023
Trade payables	39,332	40,821
Accrued expenses	40,817	24,650
Other payables	12,207	16,533
Total trade and other payables	92,356	82,004
Current	92,356	82,004
Non-current	–	–
Total trade and other payables	92,356	82,004

Recognition and measurement

Current trade and other payables are non-interest bearing and are normally settled on 30 to 60 day terms. Subsequent to initial recognition trade and other payables are stated at amortised cost using the effective interest method.

Given the short-term nature of trade payables, the carrying amount is a reasonable approximation of fair value.

D.5. Provisions and Employee benefits

As at 30 June

In A\$'000	2024	2023
Current		
Short term employee benefits	6,033	5,084
Restoration and rehabilitation ⁽¹⁾	37,462	37,264
Total current	43,495	42,348
Non-Current		
Long term employee benefits	468	1,414
Restoration and rehabilitation	241,819	133,039
Total non-current	242,287	134,453

(1) The current portion of the restoration and rehabilitation provision represents Lynas' best estimate of the present value of the outflows relating to the discharge of the rehabilitation obligation relating to residue disposal in Malaysia over the next 12 month period.

Recognition and measurement

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision for the passage of time is recognised as a financial expense in the statement of comprehensive income as a component of the profit or loss.

Short-term employee benefits

Short-term employee benefits are expected to be settled within one year and measured on an undiscounted basis and are expensed in the statement of comprehensive income as a component of the profit or loss as the related services are provided. A provision is recognised for the amount expected to be paid under short-term cash bonus plans and outstanding annual leave balances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

The liability for annual leave and long service leave for which settlement can be deferred beyond 12 months from the balance date is measured as the present value of expected future payments to be made in respect of services provided by employees. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Incentive compensation plans

The Group recognises a liability and associated expense for incentive compensation plans based on a formula that takes into consideration certain threshold targets and the associated measures of profitability. The Group recognises a provision when it is contractually obligated or when there is a past practice that has created a constructive obligation to its employees.

Restoration and rehabilitation

The activities of the Group give rise to obligations for asset and site restoration and rehabilitation at the Lynas Malaysia plant, Mount Weld concentration plant and Lynas Kalgoorlie facility. The key areas of uncertainty in estimating the provisions for these obligations are set out below. Upon cessation of operations, the site including the processing assets, ancillary facilities, utilities and the onsite storage facility will be decommissioned and any materials removed from the location.

The Group has most recently engaged as third party specialists to assist in estimating the restoration and rehabilitation provisions at Lynas Malaysia, Mt Weld and Lynas Kalgoorlie as at 30 June 2024. The Group will continue to review the need to engage third party specialists periodically over time as the operations continue to develop.

The unwinding effect of discounting of the provision is recognised as a financial expense.

The mining/extraction and refining/processing activities of the Group give rise to obligations for asset and site rehabilitation. Rehabilitation obligations can include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation and site restoration. The extent of work required and the associated costs are estimated based on feasibility and engineering studies using current restoration standards and techniques. Provisions for the cost of each rehabilitation programme are recognised at the time that the environmental disturbance occurs.

Rehabilitation provisions are initially measured at the expected value of future cash flows required to rehabilitate the relevant site, discounted to their present value. The value of the provision is progressively increased over time as the effect of discounting unwinds. When provisions for rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of rehabilitation activities for the Group's mining operations and refining operations are recognised as a component of property, plant and equipment. Amounts capitalised are depreciated or amortised accordingly.

At each reporting date the rehabilitation liability is re-measured to account for any new disturbance, updated cost estimates, changes to the estimated lives of the associated operations, new regulatory requirements and revisions to discount rates. Changes to the rehabilitation liability are added or deducted from the related rehabilitation asset and amortised accordingly.

In A\$'000	As at 30 June	
	2024	2023
Restoration and Rehabilitation		
Balance at the beginning of the year	170,303	148,080
Provisions made during the year	127,217	31,779
Provisions paid during the year	(26,917)	(6,209)
Changes to discounts rates	(1,287)	(6,520)
Effects of foreign exchange movement	1,506	(2,145)
Unwinding of discount on provision	8,459	5,318
Balance at 30 June	279,281	170,303

D.5 Provisions and Employee benefits *continued*

KEY ESTIMATES AND JUDGEMENTS

Restoration and rehabilitation expenditure

The Group's accounting policy for its restoration and rehabilitation closure provisions requires significant estimates and assumptions such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination; and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the statement of financial position by adjusting both the closure and rehabilitation asset and the provision.

Lynas Malaysia production residues

On 30 January 2020, the Group announced that The State Government of Pahang has issued its consent to a site for the Permanent Disposal Facility (PDF) for Water Leach Purification (WLP) residue. In addition Lynas Malaysia has appointed Gading Senggara Sdn Bhd ("GSSB") as the contractor to manage the entire PDF project. The total cost of this project will be MYR 400m (A\$ 128.4m). The provision for restoration and rehabilitation has been updated to reflect the present value of the obligation that exists at 30 June 2024. Those costs expected to be due within 12 months have been reflected as current. The unwinding effect of discounting of the provision is recognised as a finance cost.

Payments of \$26.9m (FY2023: \$6.2m) in relation to the discharge of rehabilitation liabilities are recognised in the Statement of Cash Flows as an operating cash outflow.

In addition, during FY24, Lynas has re-estimated the cost to permanently store Neutralization Underflow ("NUF") residue in a Permanent Disposal Facility. As a result, an additional \$117.9m has been included in the provision, which represents Lynas' best estimate of the present value of the rehabilitation obligation relating to NUF on site as at 30 June 2024.

The Group has included its best estimate of the timing of these costs within the provision for restoration and rehabilitation at 30 June 2024.

Key financial risks associated with other assets and liabilities

Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and related entities. The Group's exposure to credit risk is primarily in its trade and other receivables and is influenced mainly by the individual characteristics of each customer. Demographically there are no material concentrations of credit risk. Cash and cash deposits are held in banks and financial institutions with A+ credit ratings.

Management believes that the Group's trade and other receivables are collectible in full, based on historical behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are applicable.

E. OTHER ITEMS

This section includes information on items which require disclosure to comply with Australian Accounting Standards and the Australian Corporations Act 2001. This section includes group structure information and other disclosures.

E.1. Contingent liabilities

An amount of US\$39.0m (FY23: US\$39.0m) has been deposited via a bond for instalments required in accordance with the conditions underlying the granting of the Full Operating Stage Licence to the Group for the LAMP in Malaysia. Should criteria as part of this grant not continue to be met, this amount may be utilised to settle obligations. The Group has determined that the possibility of a material outflow related to these contingent liabilities is remote. Refer to Note D.3 for details of bonds.

Litigation and legal proceedings

As a result of its operations the Group has certain contingent liabilities related to certain litigation and legal proceedings. The Group has determined that the possibility of a material outflow related to these contingent liabilities is remote.

Security and guarantee arrangements

Certain members of the Group have entered into guarantee and security arrangements in respect of the Group's indebtedness as described in Note E.6.

E.2. Leases and other commitments

AASB 16 Leases

The accounting policies of the Group upon adoption of AASB 16 are as follows:

Right of Use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term (where the entity does not have a purchase option at the end of the lease term). Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the

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Notes to the Financial Statements *continued*

lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

Short term leases and low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption (i.e. below US\$5,000/A\$7,150). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. No leases meeting the low-value criteria were recognised at 30 June 2023 or 30 June 2024.

Exploration commitments

In A\$'000	As at 30 June	
	2024	2023
Less than one year	566	411
Between one and five years	1,473	2,006
More than five years	3,403	3,861
Total	5,442	6,278

These include commitments relating to tenement lease rentals and the minimum expenditure requirements of the Western Australia Department of Mines and Petroleum attaching to the tenements and are subject to re-negotiation upon expiry of the exploration leases or when application for a mining licence is made. These are necessary in order to maintain the tenements in which the Group and other parties are involved. All parties are committed to meet the conditions under which the tenements were granted in accordance with the relevant mining legislation.

Capital commitments

In A\$'000	As at 30 June	
	2024	2023
Less than one year	152,147	240,207
Total	152,147	240,207

At 30 June 2024 the capital commitments primarily related to the Mt Weld expansion project.

E.3. Auditor remuneration

The following items of expenditure are included in general and administration expenses:

In A\$	For the year ended 30 June	
	2024	2023
Auditor's remuneration to Ernst & Young (Australia), comprising:		
Fees for auditing the statutory financial report of the parent covering the group	341,120	299,120
Fees for other services		
Tax Services	–	–
Other assurance and agreed upon procedures	23,400	–
Advisory Services	52,000	–
Total auditor's remuneration Ernst & Young (Australia)	416,520	299,120
Auditor's remuneration to Ernst & Young (other locations), comprising:		
Fees for auditing the financial report of any controlled entities	158,080	143,508
Fees for other services		
Tax Services	666	13,240
Total auditor's remuneration Ernst & Young (other locations)	158,746	156,748
Total auditor's remuneration	575,266	455,868

Other tax service fees paid to EY Australia and other locations in FY2023 and FY2024 relate to completion of tax returns for expatriate employees.

E.4. Subsidiaries

Name of Group entity	Principal activity	Country of incorporation	Ownership interest as at 30 June	
			2024	2023
Lynas Malaysia Sdn Bhd	Operation and development of advanced material processing plant	Malaysia	100%	100%
Lynas Services Pty Ltd ⁽¹⁾	Provision of corporate services	Australia	100%	100%
Mount Weld Holdings Pty Ltd ⁽¹⁾	Holding company	Australia	100%	100%
Mount Weld Mining Pty Ltd ⁽¹⁾	Development of mining areas of interest and operation of concentration plant	Australia	100%	100%
Lynas Kalgoorlie Pty Ltd ⁽¹⁾	Development of operations in Kalgoorlie	Australia	100%	100%
Lynas Africa Holdings Pty Ltd ⁽¹⁾	Holding company	Australia	100%	100%
Lynas Africa Ltd	Mineral exploration	Malawi	100%	100%
Lynas USA LLC	Development of processing opportunities in USA	USA	100%	100%

(1) Entity has entered into a deed of cross guarantee with Lynas Rare Earths Limited pursuant to ASIC Instrument 2016/785 and is relieved from the requirement to prepare and lodge an audited financial report, as discussed in Note E 6. Entity is also a member of the tax-consolidated group.

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Notes to the Financial Statements *continued*

E.5. Parent entity Information

As at 30 June

In A\$'000	2024	2023
Current assets	78,023	359,401
Total assets	1,456,722	1,456,589
Current liabilities	(28,763)	(10,193)
Total liabilities	(172,057)	(177,568)
Net assets	1,284,665	1,279,021
Share capital	2,091,089	2,091,089
Accumulated deficit	(1,136,337)	(1,134,814)
Reserves	329,913	322,746
Total shareholders' equity	1,284,665	1,279,021
Loss of the Company	(1,523)	3,786
Total comprehensive loss of the parent Company	(1,523)	3,786

E.6. Entities under a Deed of Cross Guarantee

Pursuant to ASIC Instrument 2016/785 (as amended) dated August 13, 1998, the wholly-owned Australian subsidiaries of Lynas Rare Earths Limited are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Director's reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up event occurs under any other provision of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound-up. The subsidiaries in addition to the Company subject to the deed are specified in Note E.4.

A statement of comprehensive income and statement of financial position, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee is presented as follows:

Statement of Financial Position

As at 30 June

In A\$'000	2024	2023
Cash and cash equivalents	267,779	689,433
Trade and other receivables	60,548	132,756
Inventories	41,804	37,508
Total current assets	370,131	859,697
Inventories	11,169	12,882
Property, plant and equipment	1,339,611	825,867
Deferred exploration, evaluation and development expenditure	73,984	49,693
Investments in subsidiaries	375,080	375,080
Other assets	72,903	69,137
Total non-current assets	1,872,747	1,332,659
Total assets	2,242,878	2,192,356
Trade and other payables	46,407	49,041
Interest payable	–	265
Borrowings	28,544	10,004
Employee benefits	5,442	4,524
Lease liability	4,975	4,433
Intercompany payables	431,504	423,843
Total current liabilities	516,872	492,110
Provisions	75,993	64,046
Employee benefits	468	1,414
Lease liability	7,159	8,447
Borrowings	143,294	167,375
Total non-current liabilities	226,914	241,282
Total liabilities	743,786	733,391
Net assets	1,499,092	1,458,964
Share capital	2,091,089	2,091,089
Accumulated deficit	(777,560)	(810,521)
Reserves	185,563	178,396
Total equity	1,499,092	1,458,964

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Notes to the Financial Statements *continued*

E.6 Entities under a Deed of Cross Guarantee *continued*

Statement of comprehensive income

In A\$'000	For the year ended 30 June	
	2024	2023
Revenue	167,254	217,288
Cost of sales	(109,424)	(116,890)
Gross profit	57,830	100,398
Other income / (expenses)	13	(232)
Foreign exchange gains / (losses)	3,965	12,182
General and administration expenses net of recoveries	(34,016)	(27,076)
Impairment charges	(1,070)	–
Profit from operating activities	26,722	85,272
Financial income	26,926	27,220
Financial expenses	(2,804)	(64)
Net financial income	24,122	27,156
Profit before income tax	50,844	112,427
Income tax expense	(17,883)	(34,947)
Profit for the year from continuing operations	32,961	77,480
Other comprehensive loss, net of income tax		
Exchange differences on foreign currency transactions	–	–
Total other comprehensive income for the year, net of income tax	–	–
Total comprehensive income for the year	32,961	77,480

E.7 Employee costs and share based payments

The following items are gross employee costs before recoveries included in general and administration expenses:

In A\$'000	For the year ended 30 June	
	2024	2023
Wages and salaries	67,762	66,733
Superannuation and pension contributions	8,048	6,808
Employee remuneration settled through share-based payments	7,167	7,210
Other	1,095	1,600
Total employee costs	84,072	82,351

Share-based remuneration benefits are provided to employees via a variety of schemes which are further set out below.

The fair values of the performance rights granted under these various schemes are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at the grant date and recognised over the period during which the employees become unconditionally entitled to the performance rights. The fair value at grant date is independently determined using a performance right pricing model that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the performance right.

The fair value of the performance right granted is measured to reflect the expected market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and production targets). Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to become exercisable. At the end of each reporting period, the Group revises its estimates of the number of performance rights that are expected to become exercisable. The employee benefits expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income as a component of profit or loss, with a corresponding adjustment to equity.

Key management personnel compensation

The aggregate compensation made to the Directors and other members of KMP of the Group is set out below:

In A\$	For the year ended 30 June	
	2024	2023
Short-term employee benefits	7,524,084	6,734,092
Long-term employee benefits	44,323	42,632
Post-employment benefits	308,915	275,468
Share based payments	4,007,134	3,620,178
Total compensation paid to key management personnel	11,884,456	10,672,370

The compensation of each member of the KMP of the Group for the current and prior year is set out within the Remuneration Report. All transactions with these related parties have been considered and included in the report.

The share-based payments amount represents the impact of amortising the accounting value of options and performance rights over their vesting periods including the impact of forfeitures recognised during the period. At times, a negative value may be presented which results from the forfeitures recognised in the period (which may relate also to earlier periods) are greater than the accounting expense for the current portion of the vesting period.

Employee share options and performance rights

The Group has established an employee share plan whereby, at the discretion of Directors, performance rights may be granted over the ordinary shares of the Company for the benefit of Directors, Executives and certain employees of the Group. The performance rights are granted in accordance with performance guidelines established by the Nomination, Remuneration and Community Committee. Other than short term incentives, each performance right is convertible into one ordinary share of the Company during the two years following the vesting date, which is the third anniversary of the grant date. The performance rights hold no voting or dividend rights and are not transferrable.

Performance rights are granted for the benefit of Key Management Personnel ("KMP") and other selected employees to provide greater alignment to our strategic business objectives. KMP are those people who have authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Executive Director of the Group and the Executives. At year end, the Executives include the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Group's General Counsel & Company Secretary, Vice President – Major Projects and Vice President – Malaysia.

Financial Statements

Notes to the Financial Statements *continued*

E.7 Employee costs and share based payments *continued*

Movements in employee performance rights during the year

	For the year ended 30 June 2024		For the year ended 30 June 2023	
	Number of performance rights ('000)	Weighted average exercise price (\$)	Number of performance rights ('000)	Weighted average exercise price (\$)
Balance at beginning of year	3,502,515	0.00	3,730,556	0.00
Granted during the year	1,857,406	0.00	1,339,227	0.00
Exercised during the year	(902,708)	0.00	(1,268,124)	0.00
Forfeited during the year	(838,040)	0.00	(299,144)	0.00
Balance at end of year	3,619,173	0.00	3,502,515	0.00
Vested and exercisable at end of year	208,856	0.00	429,887	0.00

During the year ended 30 June 2024 the Group recognised net share based payment expense of \$7.2m (FY23: \$7.2m) within the profit and loss component of the statement of comprehensive income. The employee performance rights outstanding at the end of the year had a nil exercise price and a weighted average remaining contractual life of 444 days (FY23: 385 days). The performance rights exercised during the year had a weighted average share price on exercise date of \$6.98 (FY23: \$7.86).

Performance rights granted in the period

STI Grants

Under the STI Plan, Executive KMP can earn an annual incentive based on performance during the year.

STI Plan performance conditions align with Lynas' annual operational and financial goals. The performance conditions are chosen to incentivise performance that is consistent with desired business outcomes and which contributes to longer term growth in shareholder value.

For the year ended 30 June 2024, in addition to the Executive KMP, three members of the Lynas Leadership Team and thirty three senior employees who are critical to the delivery of Lynas' short-term operational and financial goals were invited to participate in the STI Plan.

STI performance rights are subject to a vesting condition of continued employment at Lynas for a period of 12 months after the grant date.

LTI Grants

For the CEO, other Executive KMP and Lynas Leadership Team, three vesting conditions apply to the LTI grants made during FY24:

- Relative Total Shareholder Return (TSR)
- Strategic Targets
- Sustainability

Relative TSR – 50% weighting

Relative TSR is assessed over a three year period from 1 July 2023 to 30 June 2026, relative to other companies in the ASX50 - 150 index (Peer Group Companies). For any performance rights to vest under the TSR vesting condition, Lynas' performance must be equal to or greater than the 51st percentile of Peer Group Companies.

The percentage of the performance rights that may vest is determined as follows:

Lynas TSR Ranking across the TSR Period	Proportion of Performance Rights that vest
Below 51st percentile	0%
At the 51st percentile	50%
Between the 51st percentile and the 76th percentile	Between 50% and 100% as determined on a linear basis (rounded to the nearest 5%)
At or above 76th percentile	100%

Strategic Targets – 40% weighting

The Strategic Target vesting condition is that by 30 June 2026:

- Lynas can sustain production at 10,500tpa NdPr.

50% of the performance rights will vest upon demonstrating production at 10,500tpa with pro-rata increase in vesting on delivering installed capacity of greater than 10,500 tpa NdPr up to 12,000 tpa NdPr

Sustainability Target – 10% weighting

The Sustainability Target vesting condition is that by 30 June 2026, Lynas delivers installed renewable energy capacity at Mt Weld with capacity to achieve greater than 50% of the energy requirements at Mt Weld.

In accordance with the Group's policy that governs trading of the Company's shares by Directors and employees, Directors and employees are not permitted to hedge their options or performance rights before the options vest.

The performance rights granted during the financial year had a weighted average fair value of \$5.84 (FY23: \$7.466) and were priced using volume-weighted average share prices, Monte Carlo and Binomial valuation methodologies. Where relevant the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past three years and peer volatility.

	PRs issued to employees other than CEO			PRs issued to CEO		
	Series BV	Series BW	Series BX & BY	Series BZ	Series CA	Series CB & CC
Grant date	8 Nov 2023	8 Nov 2023	8 Nov 2023	29 Nov 2023	29 Nov 2023	29 Nov 2023
Fair Value per right	\$6.91	\$4.42	\$6.91	\$6.62	\$3.84	\$6.62
Exercise price	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dividend yield	Nil	0.36%	Nil	Nil	0.38%	Nil
Expected volatility	45%	45%	45%	45%	45%	45%
Risk-free Rate	4.17%	4.17%	4.17%	4.04%	4.04%	4.04%
Expiry date	31 Aug 2024	31 Aug 2028	31 Aug 2028	31 Aug 2024	31 Aug 2028	31 Aug 2028

Financial Statements

Notes to the Financial Statements *continued*

E.7 Employee costs and share based payments *continued*

Performance rights still to vest or yet to expire

Performance rights are issued on the same terms as options, except there is no consideration payable on exercise. The following table lists any performance rights which are still to vest, or have yet to expire.

Series	Grant date	Number	Date vested and exercisable	Expiry date	Exercise price	Value per performance right at grant date
BI	26 November 2020	208,856	09 September 2023	09 September 2025	\$ 0.00	\$2.50
BL	20 September 2021	155,847	31 August 2024	31 August 2026	\$ 0.00	\$5.23
BM	20 September 2021	155,847	31 August 2024	31 August 2026	\$ 0.00	\$7.60
BO	29 November 2021	88,487	31 August 2024	31 August 2026	\$ 0.00	\$5.68
BP	29 November 2021	88,487	31 August 2024	31 August 2026	\$ 0.00	\$8.57
BS	17 February 2023	427,245	25 August 2025	25 August 2027	\$ 0.00	\$8.29
BT	17 February 2023	427,245	25 August 2025	25 August 2027	\$ 0.00	\$4.50
BU	29 November 2022	128,804	25 August 2025	25 August 2027	\$ 0.00	\$8.54
BV	29 November 2022	128,804	25 August 2025	25 August 2027	\$ 0.00	\$4.97
BV	13 November 2023	291,268	24 August 2024	24 August 2024	\$ 0.00	\$6.91
BW	13 November 2023	556,155	31 August 2026	25 August 2028	\$ 0.00	\$4.42
BX	13 November 2023	444,939	31 August 2026	25 August 2028	\$ 0.00	\$6.91
BY	13 November 2023	111,246	31 August 2026	25 August 2028	\$ 0.00	\$6.91
BZ	29 November 2023	83,418	24 August 2024	24 August 2024	\$ 0.00	\$6.62
CA	29 November 2023	161,263	31 August 2026	25 August 2028	\$ 0.00	\$3.84
CB	29 November 2023	129,010	31 August 2026	25 August 2028	\$ 0.00	\$6.62
CC	29 November 2023	32,253	24 August 2024	24 August 2024	\$ 0.00	\$6.62
Total		3,619,174				

E.8. Other items

New and revised standards and interpretations

Standards and Interpretations affecting amounts reported

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the adoption of new standards and interpretations effective as of 1 July 2023.

Several amendments to accounting standards applies for the first time in the current year. However, the adoption of these new amendments to accounting standards did not have a material impact on the Group's consolidated financial statements.

Standards and Interpretations in issue not yet adopted

No Australian Accounting Standards issued but not yet mandatory for the financial year ending 30 June 2024 have been early adopted.

The Group is currently assessing the impact of the following new standard on current presentation and disclosures.

AASB 18 Presentation and Disclosure in Financial Statements (effective from 1 January 2027)

This replaces AASB 101 Presentation of Financial Statements. The key presentation and disclosure requirements established under the new standard are the presentation of newly defined subtotals in the statement of comprehensive income, the disclosure of management-defined performance measures and enhanced requirements for grouping information.

The adoption of remaining Australian Accounting Standards issued but not yet mandatory when effective is not expected to have a material impact on the Group consolidated financial statements in future periods.

E.9. Subsequent events

On 22 July 2024, Lynas announced the signing of contracts with Zenith Energy ("Zenith"), a leading independent power provider, for the supply of power from a gas-fired hybrid renewable power station to Lynas' Mt Weld mine and concentration plant, near Laverton, Western Australia. Upon completion the new hybrid power station will have approximately 65MW total installed capacity comprising a 24MW Wind Farm (4 wind turbines), a 7MW solar PV farm, and a 12MW/12MWh Battery Energy Storage System (BESS). This renewable facility will be supported by a 17MW high efficiency gas fired power station. To provide redundancy in the back-up system for our 24/7 operation, 5MW of diesel standby generation will be installed.

On 5 August 2024 Lynas announced the release of an updated Mt Weld Rare Earth Mineral Resource Statement which shows a significant increase in tonnage and contained TREO compared to the 2018 Mineral Resources and Ore Reserves Statement.¹¹

The Ore Reserve update will support:

- a >35 year mine life at production rates for sufficient concentrate feedstock for production capacity of 7,200 tpa NdPr (Neodymium Praseodymium) oxide finished product; and
- a >20 year mine life at expanded production rates for sufficient concentrate feedstock for production capacity of 12,000tpa of NdPr oxide finished product in line with Mt Weld expansion capacity (currently under construction).

Key highlights of the announcement include:

- 92% increase in Mineral Resources from 55.4 Mt to 106.6 Mt at 4.12% Total Rare Earth Oxide (TREO) from 30 June 2018 to 30 June 2024.
- 63% increase in Ore Reserves from 19.7 Mt to 32.0 Mt at 6.44% TREO from 30 June 2018 to 30 June 2024.
- 46% increase in contained TREO compared to the August 2018 Mineral Resources estimate, adding resources and replacing depletion.
- Updated Ore Reserve supports >20 year mine life at expanded production rates for sufficient concentrate feedstock for production capacity of 12,000tpa of NdPr oxide finished product in line with Mt Weld expansion capacity (currently under construction).
- Ore reserves have a 92% increase in contained Dysprosium oxide from 30 June 2018 to 30 June 2024. All heavy rare earth element grades, including Terbium oxide, are now reported in the ore reserves statement.
- Stored tailings are added to the Ore Reserve as the Mt Weld expansion flowsheet has capability for fine grinding, enabling reprocessing to recover historical coarse losses of rare earth minerals.
- An increased inferred resource inventory primed for future infill drilling to indicated mineral resource and reserve growth.

With the exception of the above, there have been no other events subsequent to 30 June 2024 that would require accrual or disclosure in this financial report.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Name of Group entity	Entity Type	Body Corporate country of incorporation	% of share capital held	Country of tax residence
Lynas Malaysia Sdn Bhd	Body Corporate	Malaysia	100%	Malaysia
Lynas Services Pty Ltd	Body Corporate	Australia	100%	Australia
Mount Weld Holdings Pty Ltd	Body Corporate	Australia	100%	Australia
Mount Weld Mining Pty Ltd	Body Corporate	Australia	100%	Australia
Lynas Kalgoorlie Pty Ltd	Body Corporate	Australia	100%	Australia
Lynas Africa Holdings Pty Ltd	Body Corporate	Australia	100%	Australia
Lynas Africa Ltd	Body Corporate	Malawi	100%	Malawi
Lynas USA LLC	Body Corporate	USA	100%	N/A

¹¹ Refer to announcement on 5 August 2024 "2024 Mineral Resource and Ore Reserve Update": <https://wcsecure.weblink.com.au/pdf/LYC/02835257.pdf>

Mineral Resources and Ore Reserves

as at 30 June 2024

1. MT WELD RARE EARTH DEPOSIT ORE RESERVES 2024

The Ore Reserve estimation for the Mt Weld Rare Earth Deposit is shown in Table 1, reported above a cut-off grade of 2.8% Total Rare Earth Oxides (TREO).

TABLE 1: MT WELD RARE EARTH DEPOSIT ORE RESERVES 2024

JORC CLASSIFICATION	MILLION TONNES	TREO %	CONTAINED REO '000 TONNES
Ore Reserves within Pit boundary			
Proved	18.7	7.2	1,340
Probable	10.8	4.5	490
Designed Pit Total	29.5	6.2	1,830
On Stockpiles			
Proved	1.0	12.2	120
Probable	0.0	0.0	0
Stockpiles Total	1.0	12.2	120
Total Ore Reserves			
Proved	21.2	7.4	1,580
Probable	10.8	4.5	490
Total	32.0	6.4	2,060

* TREO = total Rare Earth Oxides (La₂O₃, CeO₂, Pr₆O₁₁, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₄O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃) + Yttrium (Y₂O₃). Totals may not balance due to rounding of figures.

Note:

The Ore Reserves for the Mt Weld Rare Earth Deposit is as of June 30, 2024. The 2024 Ore Reserve update is based upon the 2024 Mineral Resource and Ore Reserve estimate. Full details of the 2024 Mineral Resource and Ore Reserve are reported in the ASX announcement dated August 5, 2024, titled "2024 Mineral Resource and Ore Reserve Updated: Lynas announces a 92% increase in Mineral Resources and a 63% increase in Mt Weld Ore – with a significant increase in contained heavy rare earth mineralisation". The Company confirms that all material assumptions and technical parameters set out in the 2024 Mineral Resource and Ore Reserve dated August 5, 2024 continue to apply and have not materially changed. The stockpiles were estimated using survey volumes of the stockpiles and grades assigned to the stockpiles by the grade control process. The grade control processes were carried out by experienced Lynas geological staff and reviewed by Lynas competent person, Dr Ganesh Bhat. Tailings were estimated using survey volumes, with grades and bulk density determined by daily sampling by the Lynas metallurgical laboratory on site. The volume surveys have been carried out by Mr Bradley Hughes, an employee of Lynas Rare Earths.

2. MT WELD RARE EARTH DEPOSIT MINERAL RESOURCES 2024

The Mineral Resource estimation for the Mt Weld Rare Earth Deposit is shown in Table 2, reported above a cut-off of 2.5% Total Rare Earth Oxides (TREO).

TABLE 2: MT WELD RARE EARTH DEPOSIT MINERAL RESOURCES 2024

JORC CLASSIFICATION	MILLION TONNES	TREO %	CONTAINED REO '000 TONNES
Insitu			
Measured	20.0	7.17	1,435
Indicated	15.5	4.25	660
Inferred	71.1	3.23	2,295
Subtotal	106.6	4.12	4,390
On Stockpiles			
Measured	1.49	11.9	177
Subtotal	1.49	11.9	177
Tailings			
Measured	1.5	7.64	117
Subtotal	1.5	7.64	117
Total Mineral Resources			
Measured	23.0	7.51	1,729
Indicated	15.5	4.25	660
Inferred	71.1	3.23	2,295
Total	109.6	4.28	4,684

* TREO = total Rare Earth Oxides (La₂O₃, CeO₂, Pr₆O₁₁, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₄O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃) + Yttrium (Y₂O₃).
Totals may not balance due to rounding of figures.
Mineral Resources have been reported above a cut-off of 2.5% TREO. The Mineral Resources are inclusive of Ore Reserves.

Notes:

1. The Mineral Resource estimation for the Mt Weld Rare Earth Deposit is as of June 30, 2024. The company confirms that all material assumptions and technical parameters underpinning the estimated Mineral Resources set out in the ASX announcement dated August 5, 2024 continue to apply and have not materially changed. The exceptions are the inclusion of stockpiled material as a Measured Resource.
2. The contained REO in Tailings has been corrected to 117,000 tonnes. The ASX announcement August 5, 2024 reported 17,764 tonnes.

3. NIOBIUM RICH RARE METALS MINERAL RESOURCES

The Mineral Resource estimation for the niobium rich rare metals prospect referred to as the Niobium Rich Rare Metals Project is shown in Table 3. The Rare Metals Project is located at Mt Weld.

TABLE 3: CLASSIFICATION OF MINERAL RESOURCES FOR THE NIOBIUM RICH RARE METALS PROJECT

CATEGORY	MILLION TONNES	Ta ₂ O ₅ %	Nb ₂ O ₅ %	TREO %	ZrO %	P ₂ O ₅ %	Y ₂ O ₃ %	TiO ₂ %
Measured	0	0	0	0	0	0	0	0
Indicated	1.5	0.037	1.4	1.65	0.32	8.9	0.1	5.8
Inferred	36.2	0.024	1.06	1.14	0.3	7.96	0.09	3.94
Total	37.7	0.024	1.07	1.16	0.3	7.99	0.09	4.01

Notes:

- All figures are percentages. Ta₂O₅ Tantalum Oxide, Nb₂O₅ Niobium Oxide, TREO Total Rare Earth Oxide, ZrO zirconia, P₂O₅ Phosphate, Y₂O₃ yttria, TiO₂ titanium oxide.
- The Mineral Resource estimation for the niobium rich rare metals is as per ASX announcement dated October 6, 2004. Lynas Corp confirms that all material assumptions and technical parameters underpinning the estimated Mineral Resources continue to apply and have not materially changed. Figures in the table may not sum due to rounding.

There have been no changes to the Niobium Rich Rare Metals Project Mineral Resource since the previous reporting period.

Note on governance arrangements and internal controls:

All Lynas Mineral Resource and Reserve estimations are compiled by experienced competent persons. An independent consultant, Mining Plus, was engaged to prepare the Mineral Resource Estimate (excluding the Niobium rich rare metals project resource). Mineral Reserve Estimates are prepared by experienced competent persons who are employees of Mt Weld Mining Pty Ltd. The relevant Competent Person ensures that all aspects of the Mineral Resource estimations or the Ore Reserve estimations (as applicable) meet the JORC code requirements.

COMPETENT PERSON'S STATEMENTS– MINERAL RESOURCES

The mineral resource and geology information in this report that relates to the 2024 Mineral Resources is based on information compiled by Dr Ganesh Bhat. Dr Bhat is the Principal Geologist to Lynas Rare Earths. Dr Bhat is a Member of The Australasian Institute of Mining and Metallurgy. Dr. Bhat has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Dr Bhat consents to the disclosure of information in this report in the form and context in which it appears.

The information in this report that relates to the 2024 Mineral Resources is based on information compiled by Marcelle Watson. Ms Watson is the Geology Manager within Lynas Rare Earths. Ms Watson is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Ms Watson consents to the disclosure of information in this report in the form and context in which it appears.

The information in this report that relates to the Niobium Rich Rare Metals Project is based on information compiled by Dr Ganesh Bhat. Dr Bhat is the Principal Geologist to Lynas Rare Earths. Dr. Bhat is a Member of The Australasian Institute of Mining and Metallurgy, AUSIMM. Dr. Bhat has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Dr. Bhat consents to the disclosure of information in this report in the form and context in which it appears.

COMPETENT PERSON'S STATEMENTS– ORE RESERVES

The reserves information in this public statement that relates to the Mt Weld Rare Earths Project is based on works carried out by the Lynas Rare Earths mine planning team led by Mr Brett Hampel. Mr Hampel is a Member 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 Hampel consents to the inclusion in the document of the information in the form and context in which it appears.

Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report. The information is current as at 1 September 2024.

(a) DISTRIBUTION OF ORDINARY SHARES

The number of shareholders by size of holding of ordinary shares is:

Holdings Ranges	Holders	Number of Shares	Percentage of Shares
1-1,000	26,725	11,696,541	1.250
1,001-5,000	17,698	44,560,050	4.770
5,001-10,000	4,355	32,516,675	3.480
10,001-100,000	3,451	82,881,694	8.870
100,001 and over	188	763,063,224	81.640
Totals	52,417	934,718,184	100.00

The number of shareholders holding less than a marketable parcel of shares

1,695 63,047 0.010

(b) DISTRIBUTION OF EMPLOYEE OPTIONS/PERFORMANCE RIGHTS

There are 5,658,806 unlisted employee options / performance rights. The number of beneficial holders, by size of holding, of employee options / performance rights are:

Holdings Ranges	Holders
1-1,000	2
1,001-5,000	4
5,001-10,000	5
10,001-100,000	40
100,001-999,999,999	18
Total	69

Additional Information

(C) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

	Listed Ordinary Shares	
	Number of Shares	% of Shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	279,810,935	29.935%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	188,323,930	20.148%
CITICORP NOMINEES PTY LIMITED	115,973,915	12.407%
JAPAN AUSTRALIA RARE EARTHS BV	31,233,027	3.341%
BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	22,925,666	2.453%
NATIONAL NOMINEES LIMITED	17,018,328	1.821%
BNP PARIBAS NOMS PTY LTD	15,976,081	1.709%
ARGO INVESTMENTS LIMITED	8,479,221	0.907%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	8,266,822	0.884%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	6,758,946	0.723%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,771,226	0.510%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	4,660,281	0.499%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	2,776,514	0.297%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	2,759,339	0.295%
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	2,473,405	0.265%
AMANDA MARGARET LACAZE (DIRECT & INDIRECT)	2,325,616	0.249%
BNP PARIBAS NOMS (NZ) LTD	1,912,988	0.205%
MUTUAL TRUST PTY LTD	1,855,000	0.198%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,832,878	0.196%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,738,221	0.186%
TOTAL	721,872,340	77.229%

(d) SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Relevant Interest in Listed Ordinary Shares
1 Australian Super Pty Ltd	79,409,668
2 State Street Corporation and subsidiaries	69,510,995
3 Challenger Limited and its entities	67,242,613
4 Mrs Georgina Hope Rinehart, Hancock Prospecting Pty Ltd and subsidiaries of HPPL ¹	66,768,635
5 Ausbil Investment Management Limited	48,086,852
6 Greencape Capital Pty Ltd	48,033,869
7 JPMorgan Chase & Co and its affiliates	47,748,278
8 Australian Super Pty Ltd	66,768,635

Notes:

1. Ms Bianca Hope Rinehart in her capacity as trustee of the Hope Margaret Hancock Trust filed a substantial holder notice on 26 July 2024 in respect of 66,768,635 shares which were the subject of the substantial holding notice lodged by Mrs Rinehart, HPPL and subsidiaries of HPPL on 24 July 2024 on the basis that a relevant interest arises by virtue of the operation of section 608(3)(a) of the Corporations Act.

(e) VOTING RIGHTS

All ordinary shares (whether fully paid or not) carry one vote per share without restriction. No other class of equity securities carries voting rights unless converted into ordinary shares.

(f) SCHEDULE OF INTERESTS IN MINING TENEMENTS

	Tenement	Percentage Held
Mt Weld Rare Earths Project		
Mt Weld	M38/58	100
Mt Weld	M38/59	100
Mt Weld	M38/326	100
Mt Weld	M38/327	100
Mt Weld	E38/2224	100
Mt Weld	L38/224	100
Mt Weld	L38/98	100
Mt Weld	L38/327	100
Mt Weld	L38/361	100
Mt Weld	G38/34	100
Mt Weld	G38/35	100
Mt Weld	G38/36	100
Mt Weld	G38/37	100
Kalgoorlie Rare Earths Processing Facility		
Kalgoorlie	G26/169	100

CORPORATE DIRECTORY

ABN 27 009 066 648

Directors

John Humphrey
Amanda Lacaze
John Beevers
Philippe Etienne
Vanessa Guthrie
Grant Murdoch

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Company Secretary

Sarah Leonard

Share Register

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Auditors

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