

# Lynas Corporation Ltd

## Annual General Meeting

23 November 2015



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



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# Today



- Performance in FY15
- Focus on Mt Weld
- Market developments
- FY16 Priorities

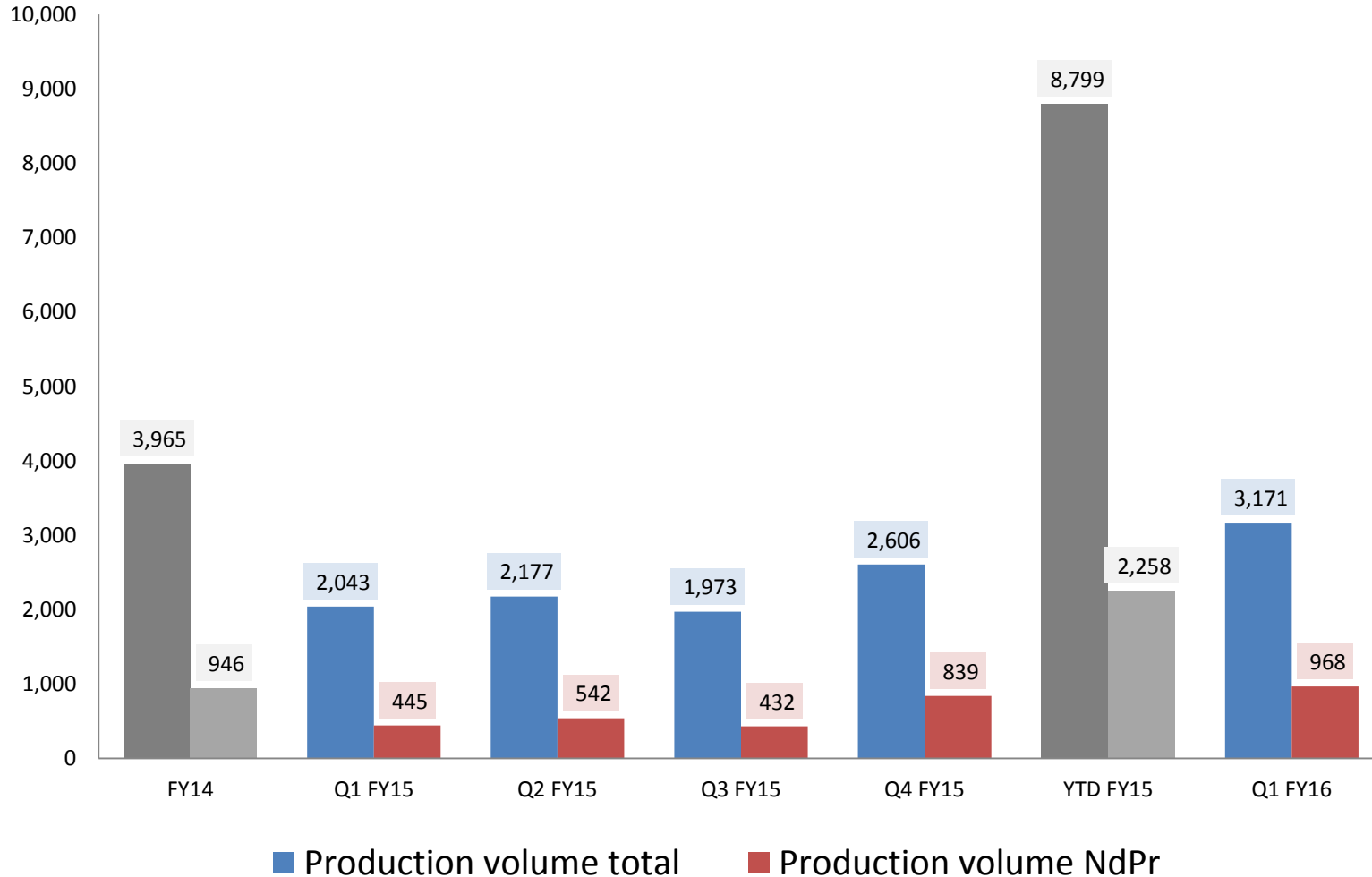
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# Production Growing and on Target



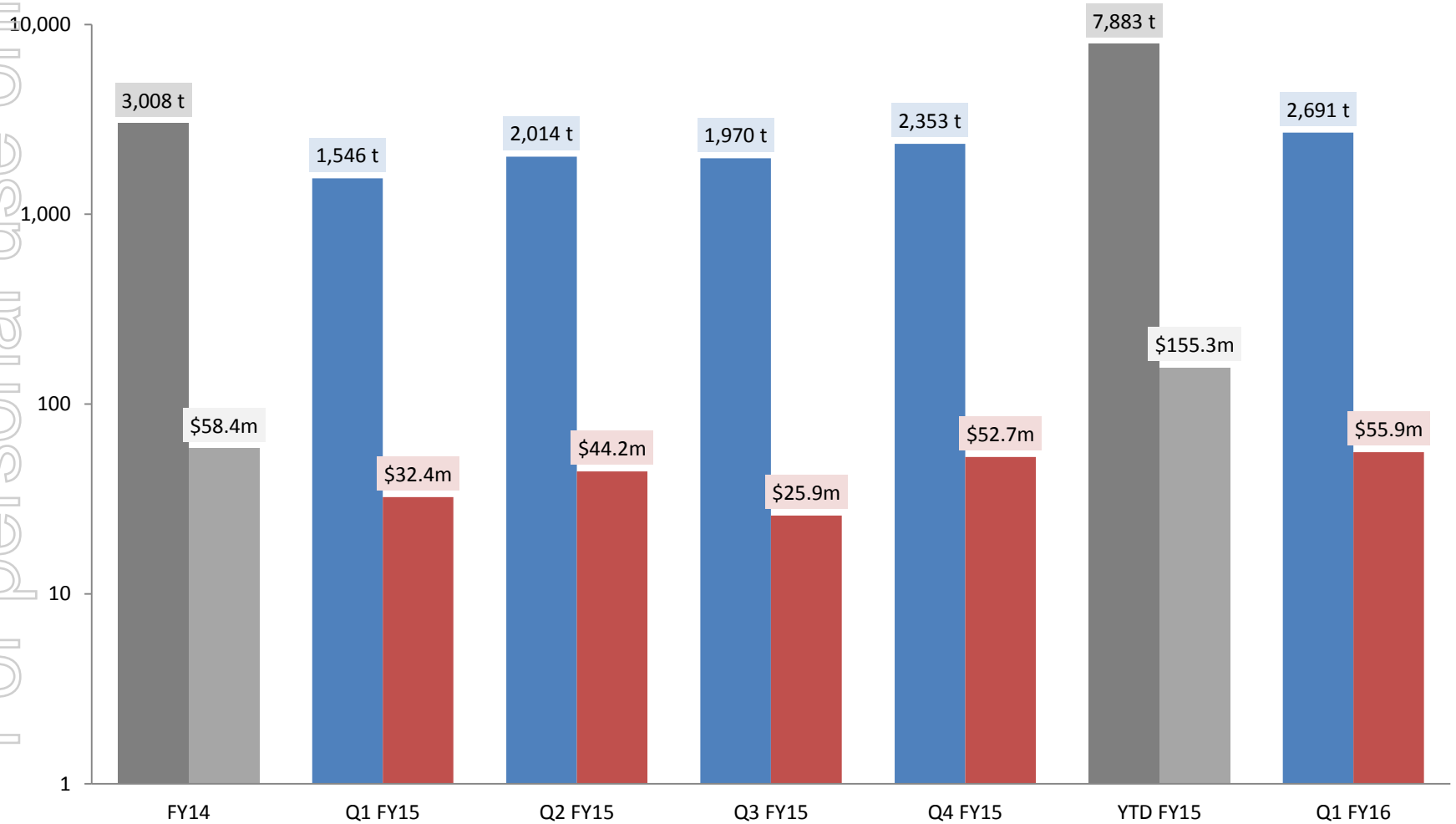
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# Sales Growing by Volume and by Value



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■ Sales volume (REO t)

■ Sales Collection (AU\$ million)

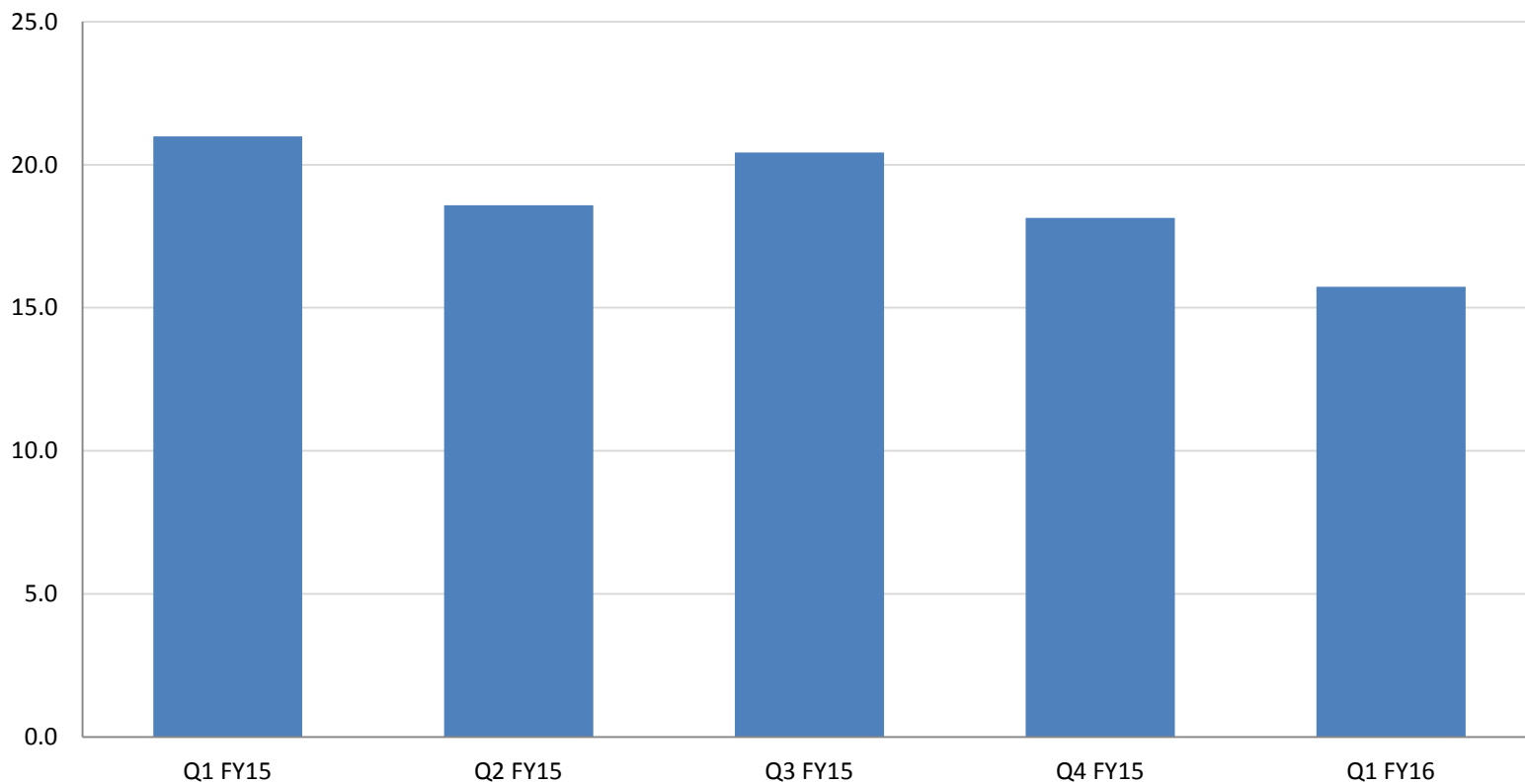
# 25% REDUCTION IN UNIT OPERATING COST



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## Operating Cost / Kg (excl. depreciation)

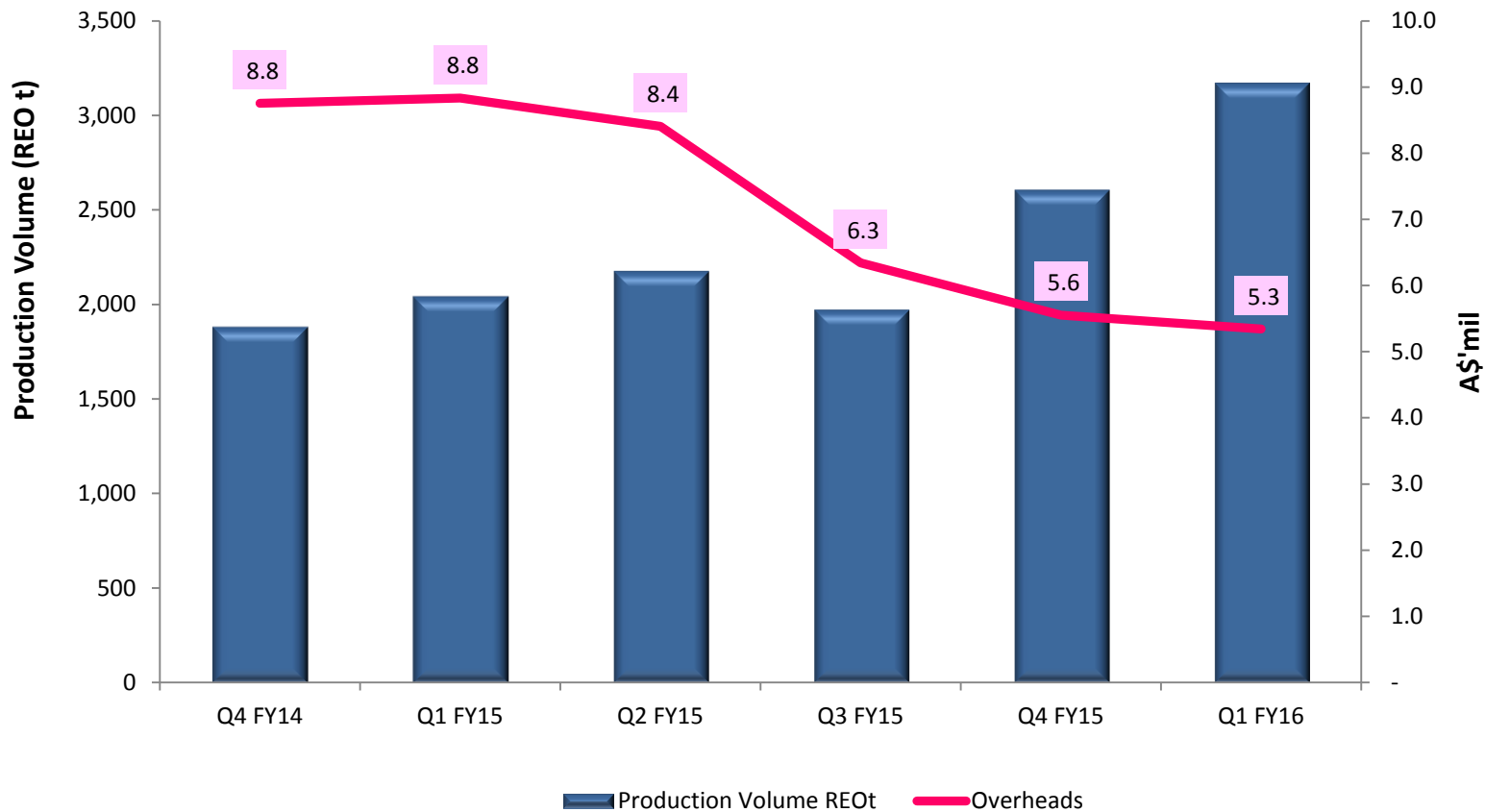
AU \$



# 40% reduction in Overheads



### Overheads vs LAMP Production (excl. restructuring costs & employee share based payment)



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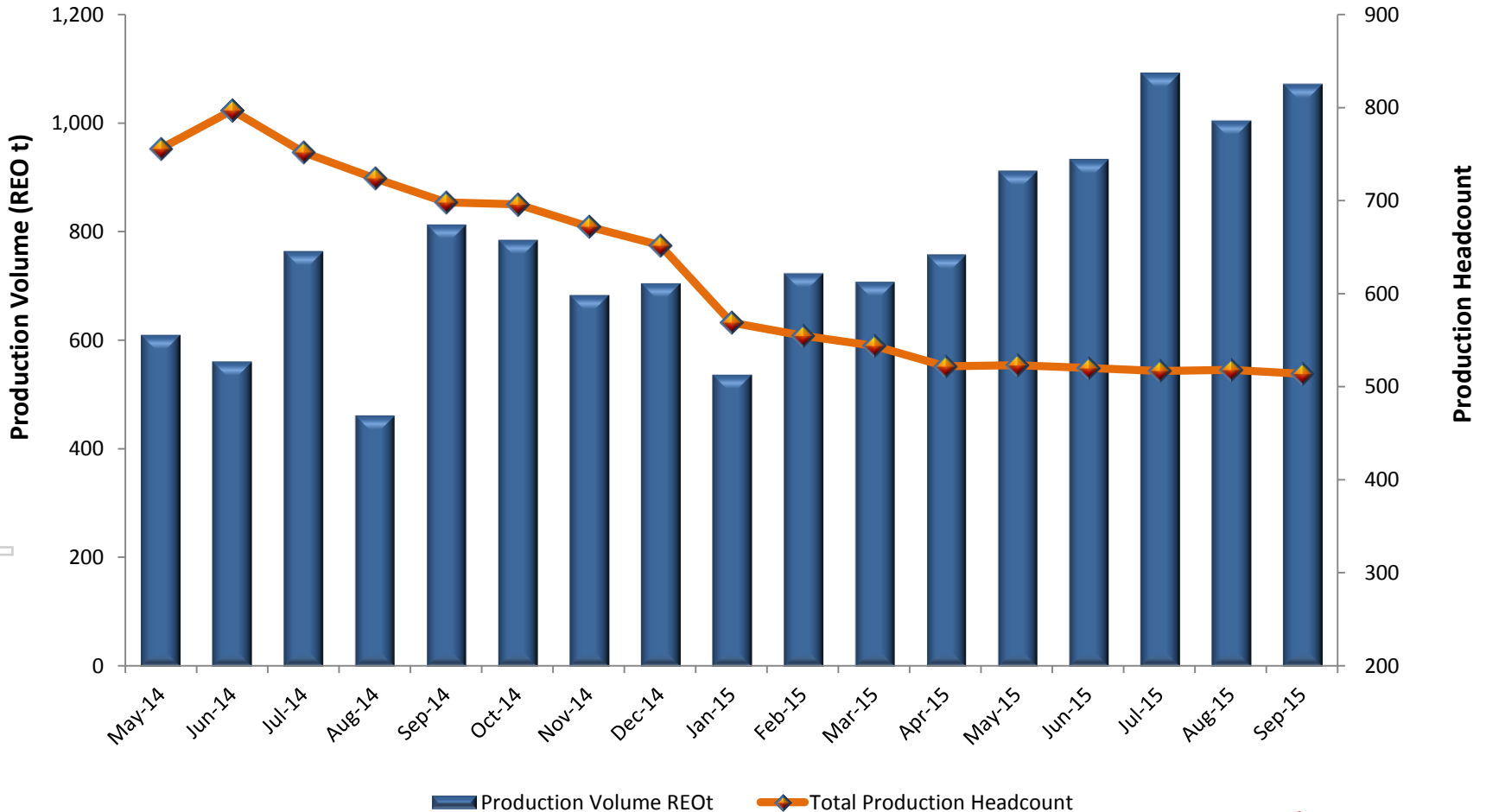


# Right sized workforce delivering improved efficiency



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## Headcount vs Production



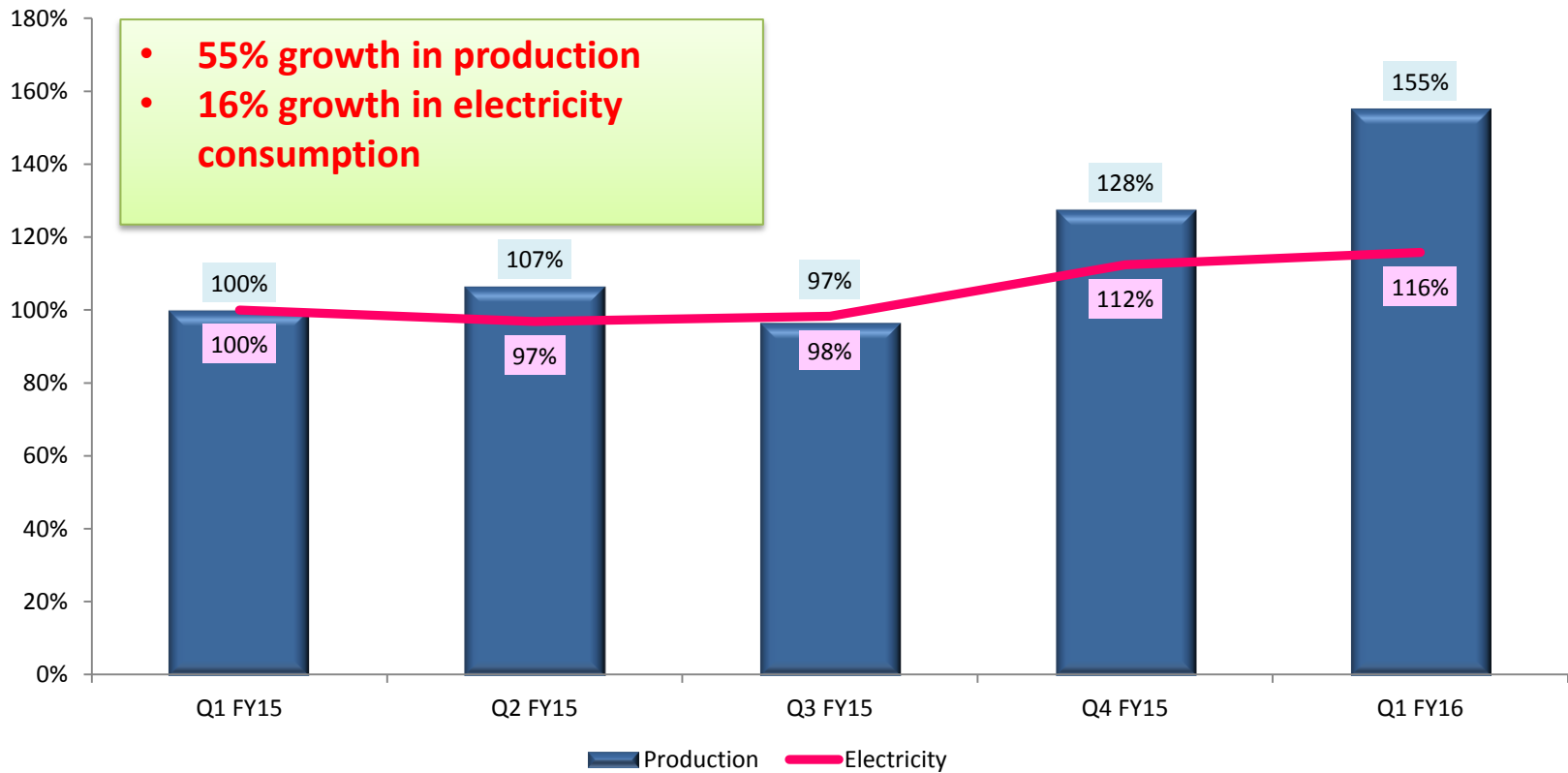


# Production planned to optimise equipment and energy use



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## Electricity vs Production (Index)

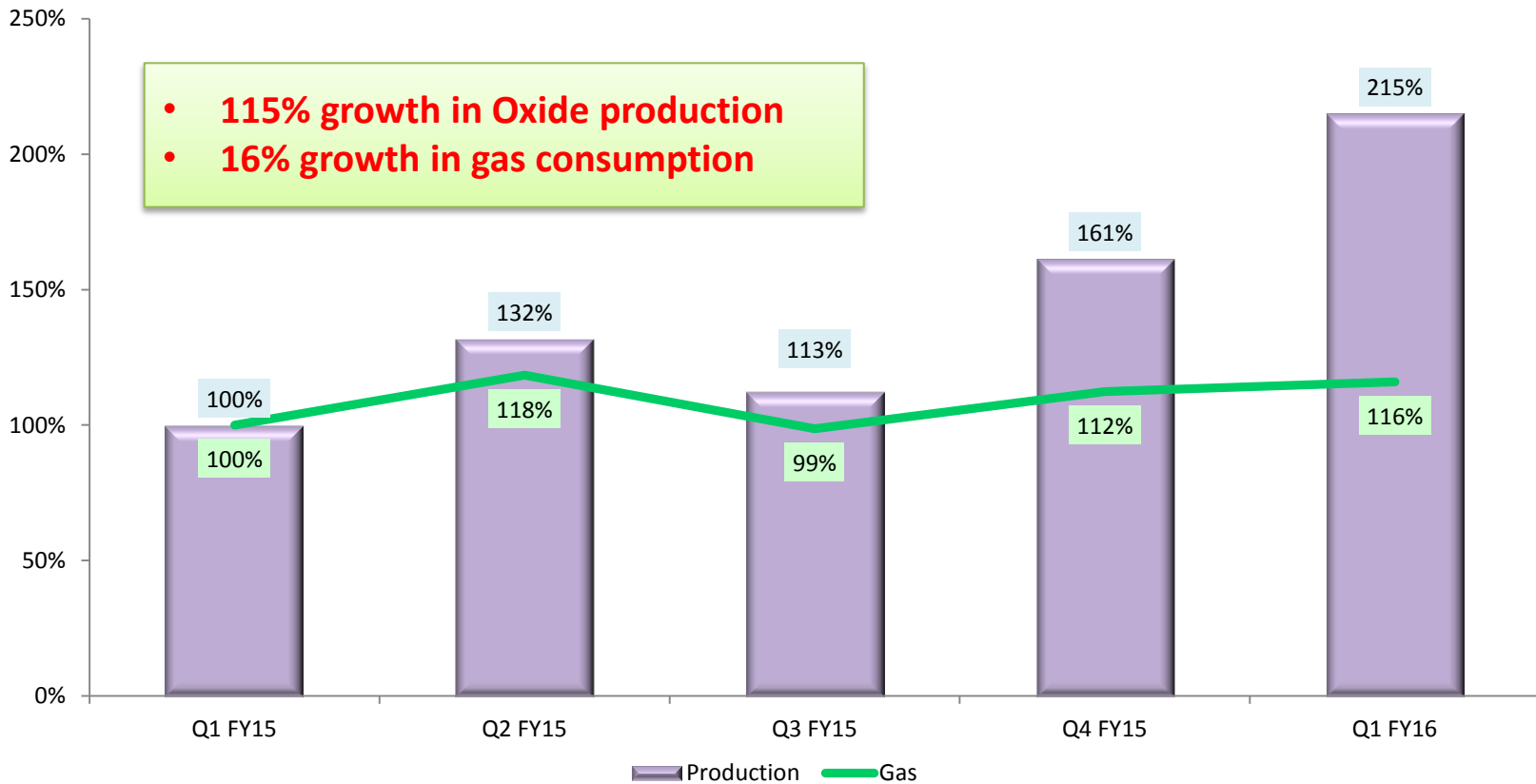


# Production planned to optimise equipment and energy use



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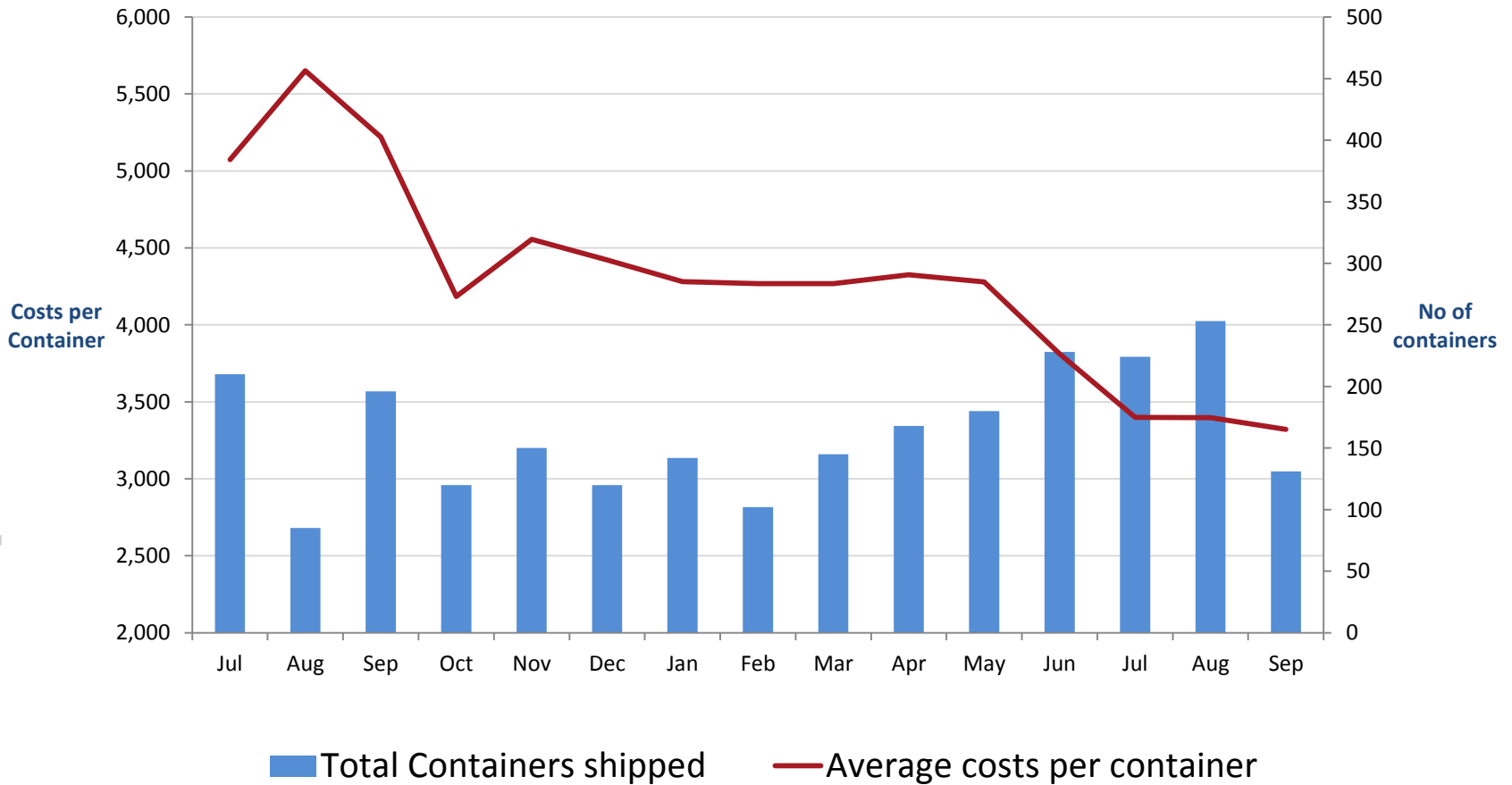
## Gas vs Oxides Production (Index)



# Reduced Logistics costs WA Landside transport



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# Reduced logistics costs

## Sea Freight



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Savings ranging from 49% - 52%

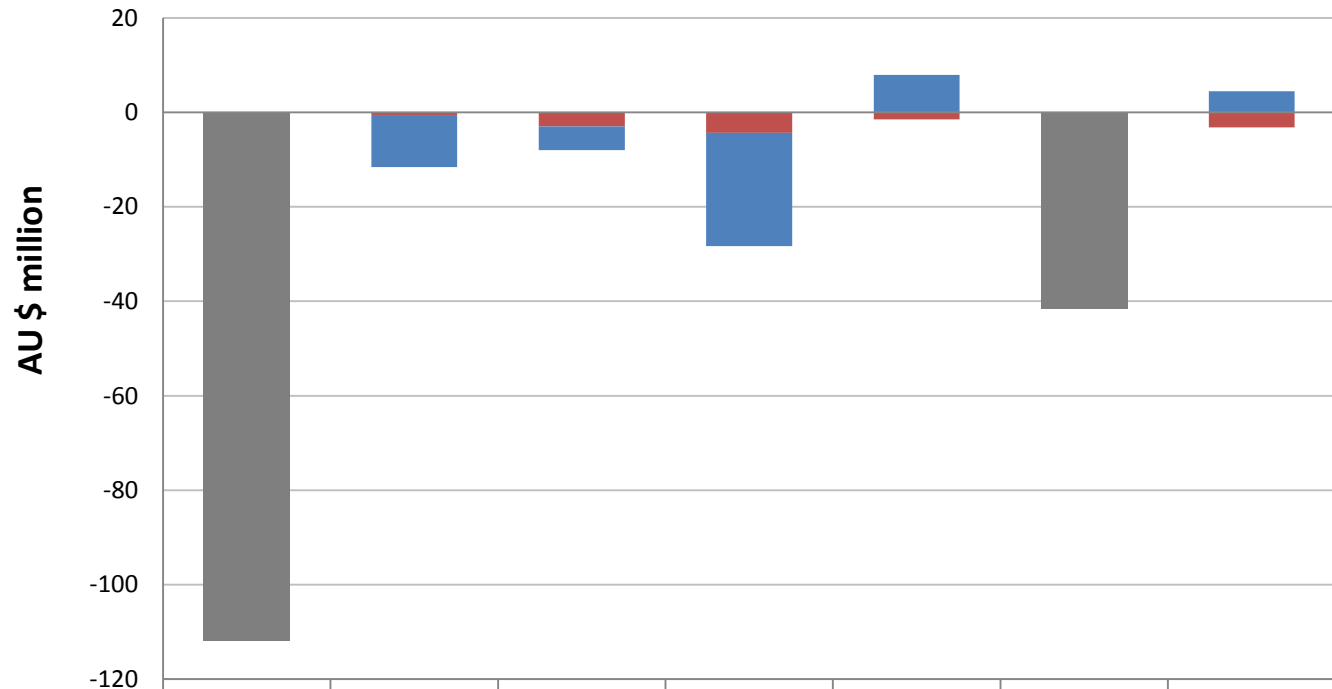


# Improved cash flow



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## Cash Flow



	FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	YTD FY15	Q1 FY16
Net operating cash flow	-103.2	-10.8	-5.1	-24.0	7.9	-31.9	4.5
Net investing cash flow	-8.6	-0.8	-3.0	-4.4	-1.5	-9.6	-3.2
Total operating and investing cash flow	-111.8	-11.6	-8.0	-28.4	6.4	-41.6	1.3

# Mining and 1<sup>st</sup> Stage processing at Mt Weld, WA



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Tony Malloch  
GM Mt Weld





# Our Challenges: Our Resource, Water, Distance



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# Committed to Safety & Environmental protections



Ducks on the tailings dam at Mt Weld



Local Wildlife

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# Radiation Safety Monitoring Program



## 3 programs carried out by an AELB accredited consultant

- Occupational Exposure Monitoring Program (OEMP)
- Environmental Radiation Monitoring Program (ERMP)
- Aerosol Monitoring System (AMS)

## Results

- ERMP off-site showed radiation levels that **EQUAL** the background
- AMS reading at the LAMP and Kuantan are **EQUAL** i.e. no impact to the environment
- IAEA 2014 reported dose rates that are **“INTRINSICALLY LOW”**



# Kuantan, Malaysia

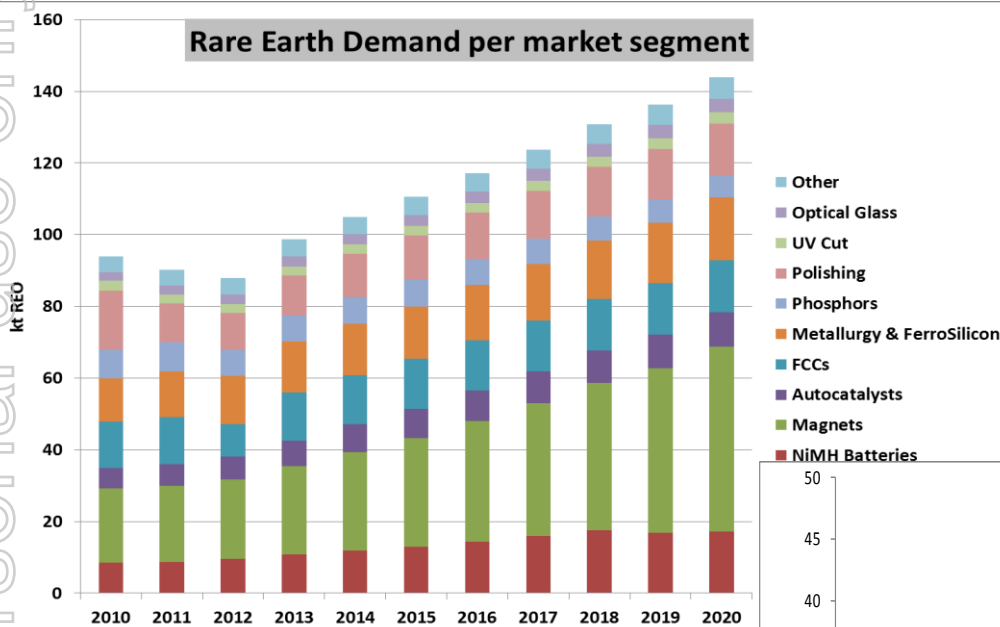


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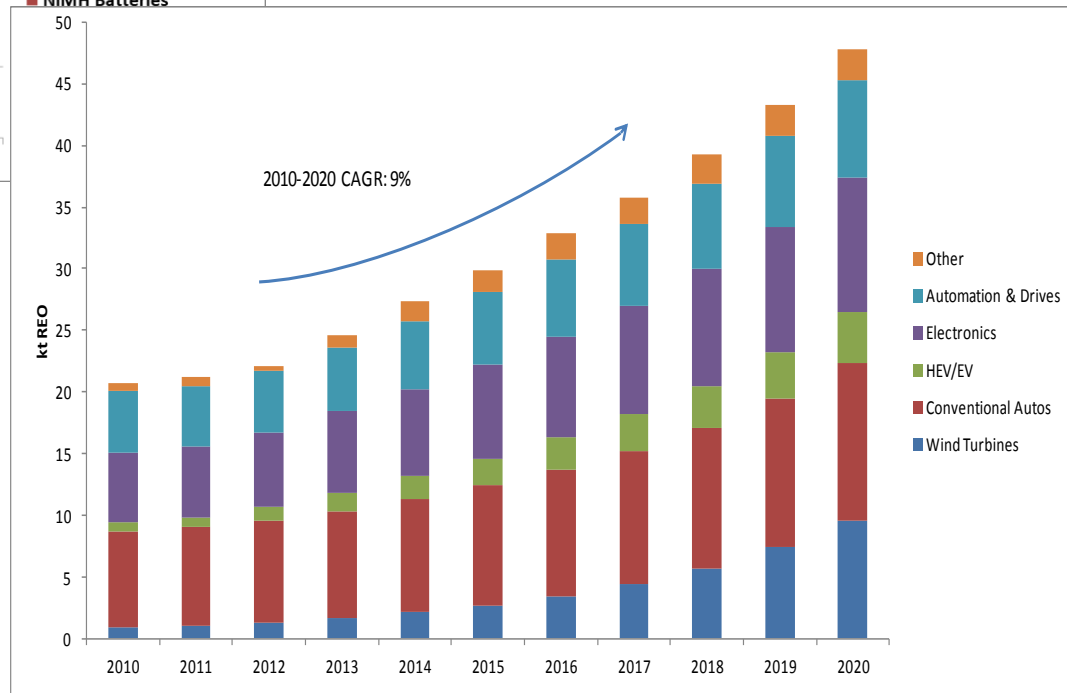


# Rare Earths Market Estimates

## Increasing growth rates especially in magnets



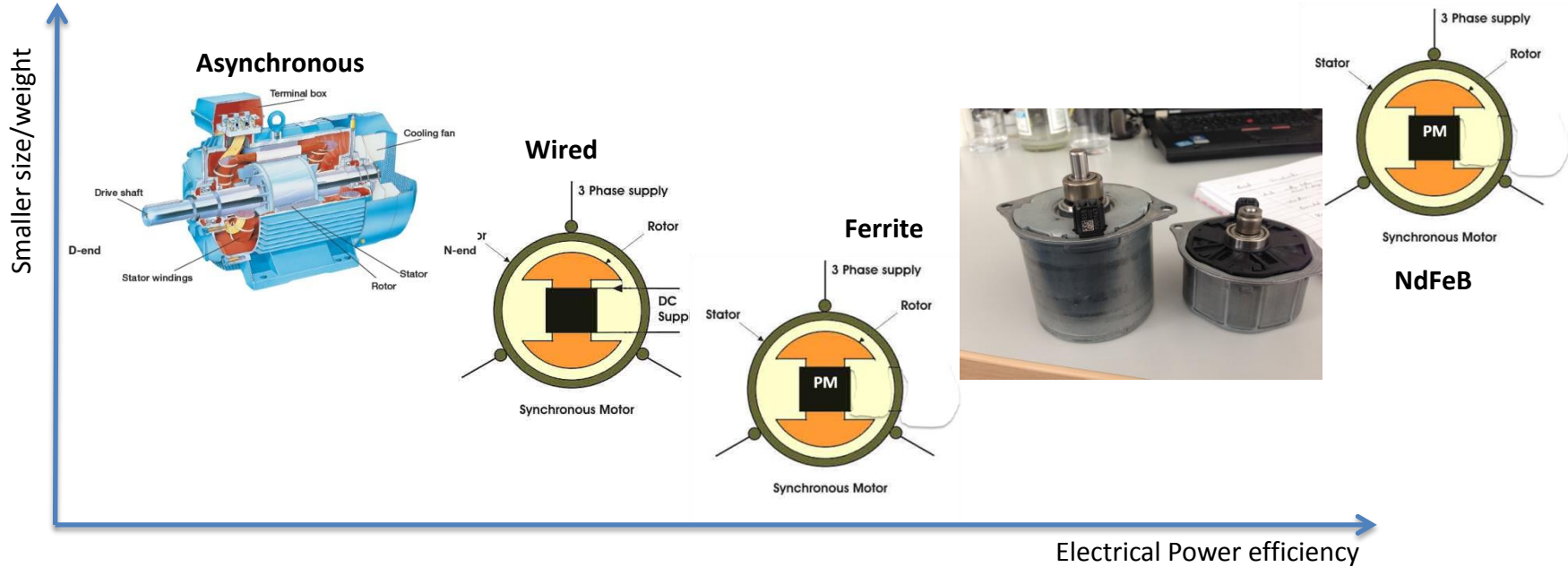
**Estimated REO demand in magnet industry**



- **Approx. 1/3 Processed in CHINA and consumed CHINA**
- **Approx. 1/3 Processed in CHINA and consumed in Rest of World (ROW)**
- **Approx. 1/3 Processed in ROW and consumed in ROW**

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# Rare Earths Magnets are the best choice for small/medium motors



- **NdFeB benefits fully leveraged with e-cars**
  - Weight reduction = Reduced consumption
  - Better efficiency = Smaller batteries

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# Lynas can differentiate as a supplier



- Quality and environmental assurance from mine to customer is important in key growth segments (Automotive, Wind turbines)
  - **Lynas offers assurance and traceability of all product**
- Rare Earths products can be differentiated based on quality and performance
  - **Lynas is working with target customers who seek to innovate in their markets**
- Permanent magnet use is not yet at optimal levels
  - **Lynas is working with Magnet makers to increase product usage**
- Customers in Japan, Europe and the US are seeking an independent reliable supplier
  - **Lynas is the only non Chinese miner and separator of rare earths**
- Customers require supply reliability and price predictability
  - **Lynas offers long term contracts tailored to customer needs**
- Market growth depends on pull through from consumer markets
  - **Lynas is directly engaged with OEMs and end users**



# Our Team



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# Rare Earths Market Data: Disclaimer



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