

21 June 2019

Dear Shareholder,

Update on Lynas 2025 Growth Plans, Rare Earths Market and Related Matters

When we wrote to you in April 2019, we committed to sharing our growth plans with you when they were further developed. Today, we are writing to summarize key aspects of our growth plans for the next five years and to provide an update on Rare Earth market dynamics and other business matters.

Our Lynas 2025 growth plans were announced at an Investor Day held in Sydney on 21 May 2019. We enjoyed meeting with many shareholders of Lynas Corporation Limited (ASX: LYC, OTC: LYSDY) and the feedback we received from shareholders who attended the Investor Day in person, or who watched it online, has been overwhelmingly positive.

Over the past two months, there have also been a number of developments in the Rare Earths market and on the regulatory front. We would like to take this opportunity update you on these matters as well.

1. Rare Earths in the Spotlight

Lynas' strategic position as the only significant Rare Earths miner and processor outside China has been emphasized in recent weeks. Global macroeconomic issues have led to heightened interest in Rare Earths and in Lynas. The market price for NdPr has increased by approximately 40% over the past 60 days in response to these global issues. While short term increases are pleasing, Lynas remains focussed on longer term trends.

Rare Earths are essential to digital age technologies. Lynas is the world's second largest supplier of Rare Earth materials and Lynas has a unique position in the market. Analyst consensus is for strong demand growth in the medium term. Our view, and feedback from our customers, is consistent with this.

The plans we announced on 21 May 2019 will enable us to grow with the market, continue to serve our existing customers and engage with new markets and customers.

This sustainable growth will be based on our long life, high grade resource at Mt Weld in Western Australia, and our proven operating assets in Malaysia.

Building on our track record and unique competitive advantage, Lynas 2025 will allow us to meet the forecast demand growth and create long term value for our shareholders.

2. Progress on Malaysian Regulatory issues

On 30 May 2019, the Prime Minister of Malaysia, Dr Mahathir, made comments about Lynas during a press conference. We welcomed the Prime Minister's comments, which acknowledged the importance of the continuation of Lynas' operations in Malaysia.

On the same day, the Malaysian Minister for Water, Land and Natural Resources, Dr Xavier Jayakumar, announced that groundwater monitoring around Lynas Malaysia showed that our operations have not affected the groundwater. This was subsequently confirmed by the Deputy Secretary General in Malaysia's Ministry of Energy Science, Technology, Environment and Climate Change (MESTECC), Dr Nagulendran Kangaytkarasu. We see this scientific clarification as a further positive indication of science-based decision making.

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Lynas remains confident of a resolution to the remaining issues related to our WLP residue, which is classified as very low level radioactive material under International Atomic Energy Agency (IAEA) guidelines, and we continue to work with the Malaysian government seeking agreement to conditions for the renewal of our operating license which is due on 2 September 2019. At the same time, Lynas is continuing to progress the formal appeal announced on 3 January 2019. The appeal hearing date has been set for 28 June 2019 and we will keep shareholders updated on both our ongoing discussions and on the appeal process.

Other work relating to the renewal of our operating license is being completed in line with normal license renewal processes.

3. Lynas 2025: Growing with the Market

On 21 May 2019, we held an Investor Day and released a detailed presentation summarizing the key aspects of our plans for Lynas 2025: Growing with the Market.

A copy of the Investor Day [presentation](#) and link to view the [webcast](#) are available in the 'Briefings' tab on the Investor section of our website (www.lynascorp.com).

A summary of our plans is as follows:

A larger business to meet forecast demand growth	<ul style="list-style-type: none"> Efficient capacity expansion leveraging Lynas' unique assets Growing throughput to deliver 10,500 tpa of NdPr products
A diversified industrial footprint with processing facilities in optimal locations	<ul style="list-style-type: none"> Upstream processing close to the resource. Cracking & Leaching (C&L) will transition to WA. This will also satisfy Malaysian requirements Downstream processing close to our customers in Malaysia and the US
Continuing to be the supplier of choice to non-Chinese customers with a fit for market product portfolio	<ul style="list-style-type: none"> Selected separated Heavy Rare Earth products from our new US facility Increasing value from our Cerium product range, resulting from substantial R&D by Lynas
Enhancing earnings	<ul style="list-style-type: none"> Step change in production will underpin revenue growth Improved portfolio pricing and continued flow sheet and cost efficiencies will deliver improved margins
A \$500m capital plan	<ul style="list-style-type: none"> Self-funded with support of JARE

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MOU with Blue Line Corporation in US

As part of our plan to diversify our industrial footprint, on 20 May 2019, we were pleased to announce an MOU with Blue Line Corporation, a Texas Corporation, for a joint venture to develop Rare Earths separation capacity in the United States. The United States needs Rare Earths and there is currently no separation capability in the United States. We have received significant expressions of support in the United States for the proposed Heavy Rare Earths separation facility, which will add to Lynas' downstream processing capability to meet the needs of our customers.

The United States facility would be in addition to, and not a substitution for, the Lynas facilities in Malaysia and Western Australia. Lynas does not currently separate our own Heavy Rare Earths product, known as SEG. The joint venture plans to separate the Heavy Rare Earths in the Lynas SEG product at the Texas facility. Demand, particularly for Dysprosium and Terbium is increasing and our customers need this material for the production of high performance magnets.

The joint venture with Blue Line is at the MOU stage and both parties will now work on finalizing the details. Further details will be released as they become available.

Strong Support in Western Australia

The Western Australian Minister for Mines and Petroleum, Bill Johnston, has confirmed in recent media reports that he supports Lynas' plan to relocate C&L operations to Western Australia, subject to the granting of relevant regulatory approvals and appropriate residue management steps being implemented. While the final location of C&L operations has not yet been selected from the Lynas short list of two locations (Mt Weld and Kalgoorlie), we have a supportive local community in Laverton, close to Mt Weld, and the Mayor of Kalgoorlie, John Bowler, has publicly stated his support for a potential Lynas plant in the Kalgoorlie area.

Next Steps

Lynas has undertaken detailed work on our growth plans over several months. We were pleased to present an update on 21 May 2019 on the work completed to date and on the further work still required. The Lynas Board has approved these growth plans, recognizing that several milestones will need to be achieved before the growth plans are fully implemented, including:

- (a) Regulatory approvals
- (b) Finalizing with JARE the terms of the proposed long term loan facility extension
- (c) Detailed design and engineering work
- (d) Construction works
- (e) Commissioning and ramp up

Lynas 2025 is focused on building long term shareholder value. Our team remains hard at work implementing these plans, and we will continue to provide periodic updates as our plans progress.

4. Business Update

In calendar year 2018, our operations team focused on sustainably delivering the Lynas NEXT outputs to achieve 7,200 tonnes NdPr per annum (average 600 tonnes/month). The introduction of separated Nd and Pr products would account for 25% of total NdPr production. We first met the 600 tonnes/month target in September 2018 and again in October 2018, well ahead of the target dates under the Lynas NEXT project. November and December were lower production months as we configured circuits to separate Pr and Nd,

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and also due to reaching the annual processing limit applied by Malaysian regulators. In the March quarter of 2019, Project NEXT volumes were achieved on the NdPr circuits, although throughput on the separated circuits remained below target.

Due to low pricing early in the current quarter and as noted on 16 April 2019, in our Quarterly Report for the period ending 31 March 2019, we took the decision to reserve all NdPr production for strategic customers. As a result, we are building finished goods inventory over this period. Production this quarter has been maintained at a comparable level to the March quarter and we will have approximately 250 tonnes of NdPr inventory at the end of the quarter.

Due to the macro-economic issues discussed in section 1 of this letter, there has been a sharp increase in the published price for NdPr in recent weeks. Notwithstanding this increase, we remain committed to our strategy of reserving material for existing and prospective strategic customers and expect to continue to slowly build inventory ahead of a further uplift in demand in 2020. In the current market, this will assist to consolidate our position as the preferred supplier to rest of world customers.

On behalf of your Board and executive, we thank you for your ongoing support. Lynas is an exciting company in an exciting market and we look forward to updating you as our plans for Lynas 2025 progress.



Mike Harding
Chairman



Amanda Lacaze
CEO & Managing Director

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