

27 June 2019

TEN YEAR EXTENSION OF JARE LOAN FACILITY

Lynas Corporation (ASX:LYC, OTC:LYSDY) is pleased to announce the signing of documentation for a ten year extension of the JARE loan facility. The new terms of the extended JARE loan facility are summarized in Annexure A of this announcement.

JARE is a special purpose company established by Japan Oil, Gas and Metals National Corporation (**JOGMEC**) and Sojitz Corporation.

As part of this loan facility extension, Lynas has reaffirmed its commitment to priority supply to Japanese industry. Since 2011, Lynas has developed strong relationships with key Rare Earths customers in Japan. As a reliable supplier of quality products, Lynas has supported growth in the Japanese Rare Earths processing industry and this extension provides a strong foundation for further growth in technological markets. Lynas looks forward to working with Japanese industry over the next 10 years to continue to develop strong Rare Earths supply chains to meet growing demand.

Over the past five years, Lynas has implemented many business improvements, including increasing production output, sales revenue, overall operating efficiencies and profitability. In addition, on 21 May 2019, the company announced the Lynas 2025 project, which details the company's growth plans for the next five years. The ten year extension of the JARE loan facility announced today is an important component of these growth plans. It will support the continued strengthening of Lynas' position as the world's second largest producer of Rare Earths products and the supplier of choice to key strategic customers. The new agreement reduces principal repayments to nominal levels up to 2025, allowing Lynas to accumulate substantial cash flow from operations. This will be utilised to fund the significant capital investment required for the execution of the Lynas 2025 Project. In this way, Lynas expects that it will be able to self-fund its growth plan.

The key amendments are as follows:

- The maturity date of the JARE facility is extended to 30 June 2030.
- The interest rate on the JARE facility is reduced to 2.5% per annum.
- There is a revised principal repayment schedule as set out in Annexure A, with minimal principal repayments until 31 December 2024. Voluntary repayments can be made at any time without penalty.
- The cash sweep mechanism is removed.
- The restriction on dividend payments is removed once the principal amount outstanding is reduced to US\$60 million or less.



Lynas Chairman Mike Harding said, "The relationship between Lynas and the Japanese Rare Earths industry is significant for the global Rare Earths industry, and the JARE loan facility is a key component of that relationship."

"Our relationship with JARE began in 2011 and JARE has remained a strong supporter of our business as we have grown to become the world's second largest Rare Earths producer. We thank JARE for these extended loan terms, which position us well for the next phase of our growth."

Further Enquiries

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ANNEXURE A – AMENDMENTS TO THE JARE SENIOR LOAN FACILITY

Term	Previous Facility Terms	New Facility Terms														
Maturity: Date	30 June 2020	30 June 2030														
Principal Repayments	<p><u>Repayment Schedule</u></p> <p>There was a principal repayment test on each Interest Payment Date of 30 June and 31 December. On each Interest Payment Date any balance in Lynas' unrestricted cash accounts above A\$40 million was paid as a principal repayment to JARE pursuant to a cash sweep mechanism. If Lynas receives the proceeds of a future equity raising then at least 50% of the proceeds would be exempt from the cash sweep.</p> <p>Except as indicated above there were no compulsory principal repayments due until the Maturity Date.</p> <p>Additional voluntary principal repayments could be made without penalty at any time</p>	<table border="1"> <thead> <tr> <th>Repayment Date</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>30 June 2019</td> <td>US\$1.9m</td> </tr> <tr> <td>31 Dec. 2021 30 June 2022 31 Dec. 2022 30 June 2023 31 Dec. 2023</td> <td>US\$2m on each of those dates</td> </tr> <tr> <td>30 June 2024</td> <td>US\$5m</td> </tr> <tr> <td>31 Dec. 2024 30 June 2025 31 Dec. 2025 30 June 2026 31 Dec. 2026 30 June 2027 31 Dec. 2027</td> <td>US\$10m on each of those dates</td> </tr> <tr> <td>30 June 2028 31 Dec. 2028 30 June 2029 31 Dec. 2029 30 June 2030</td> <td>US\$12m on each of those dates</td> </tr> <tr> <td>TOTAL</td> <td>US\$146.90m</td> </tr> </tbody> </table>	Repayment Date	Amount	30 June 2019	US\$1.9m	31 Dec. 2021 30 June 2022 31 Dec. 2022 30 June 2023 31 Dec. 2023	US\$2m on each of those dates	30 June 2024	US\$5m	31 Dec. 2024 30 June 2025 31 Dec. 2025 30 June 2026 31 Dec. 2026 30 June 2027 31 Dec. 2027	US\$10m on each of those dates	30 June 2028 31 Dec. 2028 30 June 2029 31 Dec. 2029 30 June 2030	US\$12m on each of those dates	TOTAL	US\$146.90m
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Interest Rate:	The current interest rate on the JARE Facility is 3.75% per annum.	The new interest rate on the JARE Facility from 1 July 2019 is 2.5% per annum.														

An early repayment of A\$30m is required if the Malaysian operating licence is not renewed by 31 December 2019.

Additional voluntary principal repayments can be made without penalty at any time.

Interest Payment Dates	June 30 and December 31.	June 30 and December 31.
Interest Deferral	The payment of interest in respect of the period commencing on 1 January 2016 and ending on 31 December 2016 was deferred to 30 June 2020 (with no penalty, and no additional interest).	The payment of interest in respect of the period commencing on 1 January 2016 and ending on 31 December 2016 is deferred to 31 October 2020 (with no penalty, and no additional interest).
Additional Capital Restrictions	<p>Without the prior written consent of JARE, Lynas shall not enter into the following during the term of the JARE Facility:</p> <ol style="list-style-type: none"> 1. dividends; 2. share buy-backs; 3. capex above A\$25 million in a 6 month period; and 4. liabilities other than a list of pre-approved "Permitted Financial Liabilities". 	<p>The restriction on dividends and share buy-backs is removed once the principal amount outstanding is reduced to US\$60 million or less.</p> <p>Capex for the Lynas 2025 Project will be exempt from the capex limit upon JARE approval of the capex plans up to A\$500 million.</p> <p>A banking facility up to A\$40 million for letters of credit, bank guarantees and related matters is a "Permitted Financial Liability".</p>
Proceeds from Borrowings	50% of the proceeds of each borrowing or raising of debt finance (other than a Permitted Financial Liability) is to be applied towards prepayment until such time as the principal outstanding is reduced to US\$100m or less.	50% of the proceeds of each borrowing or raising of debt finance (other than a Permitted Financial Liability) is to be applied towards prepayment until such time as the principal outstanding is reduced to US\$100m or less.
Priority Supply to Japan	<p>Japan will have the following priority supply rights until 2025:</p> <ol style="list-style-type: none"> 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 LAMP, the Japanese market shall have priority of supply up to 3,600 tonnes per year subject to the terms of the Availability Agreement and to the extent that Lynas will not have any opportunity loss. 	<p>Japan will have the following priority supply rights until 2038:</p> <ol style="list-style-type: none"> 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 LAMP, 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 by the Blue Line JV, to the extent possible under any agreement with the US.

Release of
Malaysian
Securities

No equivalent provision.

JARE will release the Deed of Charge - All Assets (Malaysia) and the Malaysian Real Property Mortgage within approximately two months.