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QUARTERLY REPORT
FOR THE PERIOD ENDED 31 MARCH 2023

21 April 2023

HIGHLIGHTS

	Q3 FY22	Q2 FY23	Q3 FY23
• Quarterly Sales Revenue:	*A$327.7m*	*A$217.5m*	**A$237.1m**
• Sales receipts:	*A$262m*	*A$168.4m*	**A$229.2m**
• Closing cash and short term deposits:	*A$768.4m*	*A$934.2m*	**A$1,112.9m**
• Total REO production:	*4,945 REOt*	*4,457 REOt*	**4,348 REOt**
○ NdPr production:	*1,687 REOt*	*1,508 REOt*	**1,725 REOt**
• Cash payments for CAPEX, exploration and development	*A$42.5m*	*A$141.9m*	**A$155.3m**

CEO REVIEW

Operational results in the March quarter were excellent. NdPr production set a new record for Lynas and Sales Revenue and Sales Receipts increased from the previous quarter.

NdPr production of 1,725 tonnes was the highest ever quarterly production at the Lynas Malaysia plant. This was achieved despite a general shutdown of the Lynas Malaysia plant for over 3 days whilst tie-in works for the mixed rare earth carbonate (MREC) receival facility were undertaken. Total Rare Earth Oxide (REO) production volume was lower at 4,348 tonnes due to a supplier shortage of hydrochloric acid which led to lower La and Ce production. This shortage did not affect NdPr production and we were able to maintain a minimum supply of La and Ce to our key customers.

The strong NdPr production result is the outcome of plant efficiency improvements and no significant downtime from external events.

Demand for Lynas' NdPr products from customers outside China remained very strong during the quarter. Sales revenue increased to $237.1m and sales receipts increased to $229.2m, despite a decrease in the average selling price.

At Mt Weld we produced sufficient concentrate to feed the Lynas Malaysia plant and, at the same time, build inventory ready for feed-on at the new Kalgoorlie Rare Earths Processing Facility.

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The Kalgoorlie Rare Earths Processing Facility (REPF) project has now entered the final phase of major construction activities and dry commissioning activities have commenced in certain parts of the plant. We retain a target feed on date for the Kalgoorlie Facility in Q4 FY2023.

The Mt Weld Expansion Project is progressing as planned. Early site activities have commenced with exciting progress on bulk earthworks and first concrete poured for the new dewatering circuit. Formal approval of the Minor and Preliminary Works application was received from the Western Australian Environmental Protection Authority (EPA) in March. This allows for early works to be progressed whilst the full approval process is underway.

We continue to complete key activities associated with the planned Heavy Rare Earths and Light Rare Earths Separation Facility in Texas, including detailed engineering design, early site preparation activities, engagement of a preferred U.S. engineering, procurement and construction management contractor, and detailed engagement with the U.S. Department of Defence (DoD). Activities associated with site acquisition are nearing completion.

This report includes further detail on the potential short term consequences of a forced shutdown of the cracking and leaching plant in Malaysia in July 2023 and the transition to using Mixed Rare Earth Carbonate (MREC) produced at the Kalgoorlie REPF as the feedstock for downstream processing. As indicated in previous reports, Lynas has been planning for this for some time with a key focus on inventory management to assist in meeting our key customers' requirements during any transitional period of reduced production.

Notwithstanding these actions, if the Lynas Malaysia cracking and leaching plant is required to shutdown from 1st July 2023, the whole Lynas Malaysia facility will shutdown in mid-July until the new MREC feedstock is received.

In light of the current target date for feed on at the Kalgoorlie Facility (Q4 FY23), the first MREC from Kalgoorlie will likely be received at Lynas Malaysia in about August 2023. Commissioning and ramp up of a plant of the nature of the Kalgoorlie Rare Earth Processing Facility remains inherently unpredictable, and as a result, we are planning for either a complete shutdown or very low production at Lynas Malaysia for at least up to 3 months, followed by a period of reduced production which will increase as the ramp up to capacity of the Kalgoorlie Rare Earths Processing Facility is achieved.

Lynas has appealed to the Minister of the Ministry of Science, Technology and Innovation (MOSTI) under the *Atomic Energy Licence Act 1984* seeking administrative review in respect of the licence conditions prohibiting import and processing of lanthanide concentrate from 1 July 2023. These appeals were filed on 16 and 24 February 2023. The appeals have been listed by the Minister of MOSTI for hearing on 28 April 2023. Grounds for the Appeals, evidence related to those grounds and associated applications (including for a stay allowing Lynas to operate on a normal basis until the administrative and legal appeals have been heard and decided) have been lodged ahead of the formal hearing.

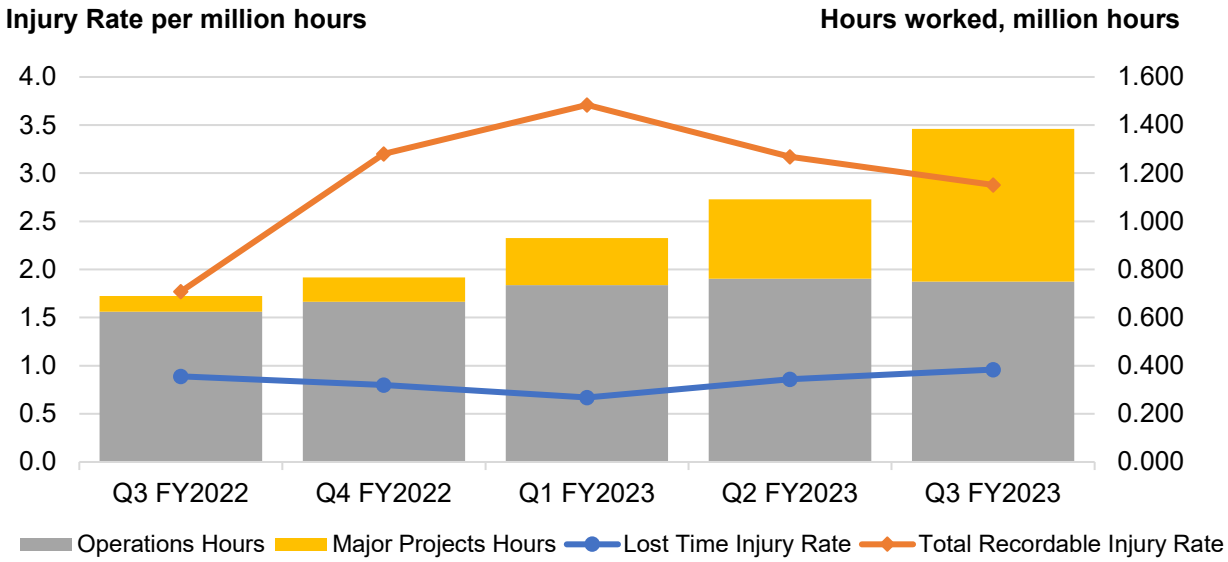
As announced on 7 March 2023, Lynas was pleased to sign new agreements with Japan Australia Rare Earths B.V. (JARE) which further strengthen the Lynas balance sheet and support funding of capital projects designed to meet accelerating global demand for Rare Earth materials. Under the new agreements through a subscription in ordinary shares in Lynas, JARE provided a contribution of AUD$200 million cash and agreed to forego the historic deferred interest of US$11.5 million interest due under the Loan Facility for the period from 1 January 2016 to 31 December 2016.

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SAFETY AND ENVIRONMENT

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

The Company-wide 12-month rolling Lost Time Injury Rate, as at the end of March 2023, was 0.96 per million hours worked while Total Recordable Injury Rate was 2.88 per million hours for the same period. Major project hours increased from the previous quarter as progress on the Kalgoorlie project continued and construction activities commenced at Mt Weld.



An external independent audit was conducted on our operating tailings storage facilities during the quarter. The audit found Lynas' facilities are in full compliance with the Western Australia Department of Mines, Industry Regulation and Safety's Code of Practice for Tailings Storage Facilities in Western Australia.

During the period Lynas Malaysia was awarded a Gold EcoVadis Medal for Sustainability. This is the third Gold Medal rating achieved by Lynas Malaysia and places Lynas among the top 5 percent of companies assessed by EcoVadis.

In line with our commitment to international environmental best practices, detailed environmental monitoring since the start of Lynas Malaysia's operations in Kuantan in 2012 has consistently demonstrated that Lynas Malaysia is compliant with regulatory requirements and international standards. Information concerning the Company's environmental monitoring programs is available at www.LynasRareEarths.com.

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MARKETING AND SALES

	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23
Sales Volume REOt	5,067	3,719	3,325	3,725	4,914
Sales Revenue	A$327.7m	A$294.5m	A$163.8m	A$217.5m	A$237.1m
Average Selling Price	A$64.7/kg	A$79.2/kg	A$49.3/kg	A$58.4/kg	A$48.3/kg
Sales Receipts (cash)	A$262m	A$351m	A$234.4m	A$168.4m	A$229.2m

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

The demand for Lynas' NdPr product family from customers outside China remained very strong during the quarter. This, together with excellent NdPr production volumes, resulted in strong sales performance in the quarter despite a decrease in the average selling price.

La-Ce production was affected by a supplier shortage of hydrochloric acid, however, we were able to maintain a minimum supply of La-Ce product to our key customers.

Current pricing for Heavy Rare Earths has softened and we have chosen to retain some SEG product in inventory for future sale.

	NdPr Oxide China Domestic Price (VAT excluded)							
	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Jan	Feb	Mar
USD/kg	139.3	120.4	93.9	83.2	88.1	95.6	93	75.8
Base 100	100	86	67	60	63	69	67	54

	Dy Oxide China Domestic Price (VAT excluded)							
	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Jan	Feb	Mar
USD/kg	420.1	340.9	294.5	290.7	294.9	323.5	305.3	255.9
Base 100	100	81	70	69	70	77	73	61

	Tb Oxide China Domestic Price (VAT excluded)							
	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Jan	Feb	Mar
USD/kg	1950.1	1883.7	1717.9	1650.9	1641.9	1835.4	1750.6	1339.6
Base 100	100	97	88	85	84	94	90	69

In February 2023, it was announced that production quotas in China increased 19% for 1H 2023 in comparison to 1H 2022, which has led to a temporary oversupply of Rare Earth products as demand has remained subdued in the Chinese domestic market. This has affected NdPr, Dy and Tb prices.

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Future pricing trends will depend mainly on the economic recovery in China and anticipation of Chinese production quotas for 2H 2023.

OPERATIONS

Upstream

Production at Mt Weld continued to perform well, producing sufficient concentrate to feed the Lynas Malaysia plant and build inventory in preparation for feed on at the Kalgoorlie facility. A number of debottlenecking initiatives have been identified and are being considered to maximise production, secure water requirements, and optimise integrated recoveries from Mt Weld and the Lynas Malaysia plant.

The exploration program at Mt Weld on the exploration target in the fresh carbonatite below the current Mt Weld life of mine design and ore reserve continued during the quarter. Reverse circulation drilling has commenced with 13 holes (2,600m) completed to date.

Downstream

	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23
Ready for Sale Production Volume Total	4,945 REOt	3,650 REOt	3,500 REOt	4,457 REOt	4,348 REOt
Ready for Sale Production Volume NdPr	1,687 REOt	1,579 REOt	1,045 REOt	1,508 REOt	1,725 REOt

The Lynas Malaysia plant delivered its best ever quarterly performance for NdPr production of 1,725t NdPr. The record production was achieved despite a general shutdown of the Lynas Malaysia plant for over 3 days during the quarter to undertake tie-in works for the MREC receival facility which will receive and prepare mixed rare earth carbonate (MREC) feedstock from the Kalgoorlie Facility for feed to downstream processing.

The excellent performance this quarter is the result of the program of plant improvements to increase efficiency, continuous improvements in managing upstream and downstream dependencies between Mt Weld and the Lynas Malaysia plant, and no significant downtime from external events.

While NdPr production volume was very strong this quarter, a continued supplier shortage of hydrochloric acid forced postponement of separation of La-Ce, resulting in lower total REO production volume for the quarter. This shortage did not affect NdPr production.

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LYNAS GROWTH PROJECTS

Kalgoorlie Project

Progress continued to accelerate on the Kalgoorlie Rare Earths Processing Facility during the quarter as the project entered the final phase of major construction activities and preparation for the commissioning phase. The target feed on date remains Q4 FY23.

Construction progress during the quarter included major earthworks for the evaporation ponds and embankments, completion of the brick lining for the 110m kiln, and progress on the completion of utilities to support the planned go-live date, including electricity and gas supply.

As previously reported, recruitment of the operational leadership team is now complete and good progress has been made on the recruitment of the full operational team.

The early focus on commissioning resources and processes has delivered progress benefits to construction completions and commissioning planning for the new plant. The construction completions and commissioning teams are now integrated and working under the operational leadership team.

Operational readiness activities continue with refinement of process training manuals, review of mechanical and electrical spares requirements and finalisation of operating procedures and plant check lists.

Dry and wet commissioning preparation is underway with finalisation of commissioning procedures well progressed. Commissioning of equipment in the Filter Building has begun.

Planning for feed-on and production ramp up continues with a focus by the Lynas Kalgoorlie operational team on learning from the significant expertise of the Lynas Malaysia team in all aspects of cracking and leaching operations.



Kalgoorlie - Kieserite Evaporation Pond 3 – lining completed

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Kalgoorlie - Drone shot looking south-west on 11 April 2023

Mt Weld Expansion

The Mt Weld Expansion Project is progressing as planned. Early site activities have commenced and accommodation has been secured in Laverton for the construction workforce.

Formal approval of the Minor and Preliminary Works application was received from the Environmental Protection Authority (EPA) in March. This is an excellent outcome and provides the approvals needed to progress early works. Lynas continues to engage with the EPA on the Life of Mine proposal's "Assessment on Referral Information" with a planned four-week public review.

Site construction activities continue to progress with bulk earthworks well advanced. Concrete foundation works for the filter circuit commenced this quarter.

Proposals for a gas then hybrid renewable power station under a Power Purchasing Agreement commercial model have been received and contractual negotiations have commenced.



Mt Weld Expansion: Bulk Earthworks Progress

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United States

As previously outlined, an approximately US$120 million follow-on contract with the United States Department of Defence (DoD) was announced in June 2022 for the construction of a commercial U.S. Heavy Rare Earths separation facility.

During the quarter, Lynas further progressed the planned development of the combined Heavy Rare Earths and Light Rare Earths Separation Facility in Texas, including detailed engineering design, site preparation activities, engagement of a preferred U.S. engineering, procurement and construction management contractor, and engagement with the U.S. Department of Defense (DoD).

Lynas has secured an approximately 149-acre greenfield site in an existing industrial zone in Texas. This site will accommodate the combined Heavy Rare Earths separation and Light Rare Earths Separation Facility and provides access to infrastructure, utilities, and a skilled workforce. Activities associated with the site acquisition are nearing completion.

In collaboration with the local community, we look forward to offering jobs and economic opportunity to local residents and improving supply chain security for the DoD and the many commercial manufacturers in the United States in need of rare earths, including the automotive industry.

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CORPORATE

Malaysian Operating Licence

As announced on 14 February 2023, the Atomic Energy Licencing Board (AELB) in Malaysia renewed Lynas Malaysia's operating licence effective from 3 March 2023 for a period of 3 years. The operating licence was renewed with no change to the licence conditions that were applied to the licence issued in March 2020 which prohibit the import and processing of lanthanide concentrate from 1 July 2023. These conditions are a significant variation from the conditions under which Lynas invested in Malaysia.

Lynas has appealed to the Minister of the Ministry of Science, Technology and Innovation (MOSTI) under the *Atomic Energy Licence Act 1984* seeking administrative review in respect of the licence conditions prohibiting import and processing of lanthanide concentrate after 1 July 2023. These appeals were filed on 16 and 24 February 2023. The appeals have been listed by the Minister of MOSTI for hearing on 28 April 2023. Grounds for the Appeals, evidence related to those grounds and associated applications (including for a stay allowing Lynas to operate on a normal basis until the administrative and legal appeals have been heard and decided) have been lodged ahead of the formal hearing. There is no statutory time frame under the *Atomic Energy Licence Act 1984* by when the Minister of MOSTI is required to make a decision on the appeals. However, Lynas has requested that the appeals are addressed urgently.

If the licence conditions prohibiting the import and processing of lanthanide concentrate remain effective on 1 July 2023, the cracking and leaching facility at the Lynas Malaysia plant will be required to cease operations on 1 July 2023. As foreshadowed in previous reports, Lynas has been planning for multiple scenarios which are based on whether the Lynas Malaysia cracking and leaching plant is closed or operational and the speed of ramp up of the Kalgoorlie Facility initially to an equivalent rate to the Lynas Malaysia cracking and leaching plant, and then beyond to its full capacity.

As indicated previously, Lynas is building Work in Progress and Finished Goods inventory, but absent feed from the continued operation of the Lynas Malaysia cracking and leaching plant, the whole Lynas Malaysia facility will be shutdown in mid-July until receipt of MREC from Kalgoorlie.

Achieving feed on at the Kalgoorlie Rare Earth Processing Facility in Q4 FY23 will mean the first MREC from Kalgoorlie will likely be received at Lynas Malaysia in about August 2023 (taking into account time to produce sufficient quantity for a first shipment and shipping transit time to Malaysia). The rate of supply of MREC to the Lynas Malaysia plant will depend on the speed of ramp up of the Kalgoorlie facility.

Commissioning and ramp up of a plant of the nature of the Kalgoorlie Rare Earth Processing Facility remains inherently unpredictable and as a result, we are planning for either a complete shutdown or very low production at Lynas Malaysia for at least up to 3 months followed by a period of reduced production which will increase as the ramp up to capacity of the Kalgoorlie Rare Earths Processing Facility is achieved.

The excellent NdPr production performance during the quarter has enabled Lynas to build finished goods inventory to assist in meeting key customers' requirements during any transition period.

Following consultation with our key customers, this inventory of finished goods will be sold to Lynas' distribution agent, Sojitz, and held by Sojitz for supply as required by our key customers. Consequently, we expect sales to continue at normal rates in Q4 FY23, and, if cracking and leaching in Lynas Malaysia is required to shutdown from 1st July 2023, this will be followed by lower sales, consistent with ramp up rates, in 1H FY24.

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JARE Support for Lynas' Growth

As announced on 7 March 2023, Lynas signed new agreements with Japan Australia Rare Earths B.V. (JARE) under which JARE extended its support for Lynas' growth plans, including current and planned projects designed to increase production of Light Rare Earth and Heavy Rare Earth materials. Under the new agreements, JARE provided a contribution of AUD200 million in cash and agreed to forego the historic deferred interest of USD11.5 million interest due under the Loan Facility for the period from 1 January 2016 to 31 December 2016. JARE's contribution was made through a subscription for ordinary shares in Lynas. As part of the new agreements, Lynas will update the existing priority supply rights in the JARE Loan Facility to reflect continued growth of the Japanese rare earths market.

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FINANCE

Cash Position

A summarised cash flow for the quarter ended 31 March 2023 is set out below.

CASH FLOW	A$ million Mar 23 quarter	A$ million FY23 YTD
Cash Inflows		
Receipts from customers	229.2	632.0
Proceeds from the issue of share capital (JARE contribution to Lynas Growth Plan)	200.0	213.8
Cash Outflows		
Payment for production, administration and royalty costs	(112.9)	(322.6)
Payments for capex, exploration and development	(155.3)	(395.0)
Payments for extinguishment of rehabilitation liability[1]	(2.1)	(4.2)
Payments to security deposits	-	(4.7)
Payments of borrowings	-	(2.9)
Net interest received	8.9	16.5
Net exchange rate adjustment	10.9	14.4
OPENING CASH AND SHORT TERM DEPOSITS	934.2	965.6
CLOSING CASH AND SHORT TERM DEPOSITS	1,112.9	1,112.9

(1) Payments for the extinguishment of rehabilitation liability relate to scheduled progress payments to GSSB in relation to the construction of the Permanent Disposal Facility in Malaysia.
(2) Financial information in this report is provided on an unaudited basis.

Authorised by:
Sarah Leonard
Company Secretary