

**QUARTERLY REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2023**

22 January 2024

HIGHLIGHTS

	Q2 FY23	Q1 FY24	Q2 FY24
• Quarterly sales revenue:	A\$232.7m	A\$128.1m	A\$112.5m
• Sales receipts:	A\$168.4m	A\$128.5m	A\$107.1m
• Closing cash and short term deposits:	A\$934.2m	A\$902.6m	A\$686.1m
• Total REO production:	4,457 REOt	3,609 REOt	1,566 REOt
○ NdPr production:	1,508 REOt	1,526 REOt	901 REOt
• Cash payments for CAPEX, exploration and development	A\$141.9m	A\$164.7m	A\$182.2m

CEO REVIEW

The December quarter was an exciting period for Lynas', with the first feed of material from Mt Weld introduced into the Kalgoorlie Rare Earths Processing Facility and a temporary shutdown at Lynas Malaysia to facilitate significant upgrade works to increase NdPr production capacity to approximately 10,500 tonnes a year by December 2024.

Significantly for our Malaysian operations, as announced on 24 October 2023, a variation was issued to Lynas Malaysia's operating licence which allows the continued importation and processing of 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.

As a result of the temporary shutdown for upgrade works at Lynas Malaysia, NdPr production was lower than the previous quarter at 901 tonnes. Total rare earth oxide (REO) production was 1,566 tonnes during the quarter. These production results demonstrate the strong production performance achieved in the 1.5 months prior to the temporary shutdown commencing in mid-November.

During the shutdown, the works to modify and increase separation capacity and improve the reliability of cracking and leaching at Lynas Malaysia were successfully and safely completed. These were the most significant works to our Malaysian processing facilities since the construction of the plant. The works saw 600 subcontractors mobilised on site, with all planned modifications completed without any injuries sustained.

As works for the implementation of the new Malaysian flow sheet have progressed an improved ramp-up plan, from that announced on 20 October 2023, has been developed. This new plan smooths production across the 6 months to 30 June 2024. Production in the March quarter is now expected to be approximately 1,500 tonnes and production across the 6 months to June 2024 is expected to increase slightly from the previous estimate to be in the range of 3,200 to 3,400 tonnes. The new profile is still expected to prove the new target capacity of 750t/month in the June quarter.

In the December quarter, lower production volumes due to the temporary shutdown for capacity upgrades to the Lynas Malaysia plant were partially compensated by the sale of the inventory which had been accumulated whilst there was uncertainty on Malaysian operating license conditions. Inventory levels have now normalised.

Sales revenue of \$112.5m and sales receipts of \$107.1m reflected the lower production levels for the quarter, the product sales mix and ongoing low rare earths prices, with the average NdPr market price at US\$60/kg (ex-VAT) during the quarter. Improvement to the rare earths market price continues to be dependent on China's economic recovery.

At Mt Weld, following the completion of Mining Campaign 4 in the June 2023 quarter and stockpiling of ore sufficient for 12 months' production, there were no mining activities conducted during the quarter.

Mt Weld exploration has continued apace and today we have released a report on the successful completion of the exploration drilling program into the fresh carbonatite below the current Mt Weld Rare Earth Elements (REE) open pit mine. As outlined in the report, the drilling has confirmed extensive Rare Earth Element mineralisation below and surrounding the current mine pit floor and enhanced our understanding of the Mt Weld Carbonatite. Results from the drilling program will be used to update the resource model later in the calendar year.

Mt Weld maintained steady operations at 80% of nameplate capacity during the quarter, with a strong focus on unit cost optimisation and recoveries. Following the end of the quarter, Mt Weld is moving back to maximum production rates to support both Lynas Malaysia and the Kalgoorlie Rare Earth Processing Facility with the required feed stock.

During the quarter, construction activities were largely complete for the Kalgoorlie Rare Earths Processing Facility. Following completion of the kiln heating and other commissioning activities, the first feed of material from Mt Weld was introduced into the Kalgoorlie facility in December 2023.

A significant number of our Lynas Malaysia team who were mobilised to Kalgoorlie to assist in the final stages of commissioning are now supporting production ramp up at the Kalgoorlie Facility. Mixed Rare Earth Carbonate (MREC) from the Kalgoorlie Facility is expected to be progressively introduced to the Lynas Malaysia plant commencing late in the March quarter 2024.

The Mt Weld Expansion Project remains on track with early works construction activities progressing as planned during the quarter and progress on environmental approvals. These activities include Stage 1 structural, mechanical and piping (SMP) works and the commencement of electrical works. Negotiations are well advanced with potential contractors for Stage 2 SMP works and the tender for construction of the Tailings Storage Facility has been issued.

The WA Environmental Protection Authority (EPA) concluded their assessment of the Mt Weld Life of Mine Proposal, and we were pleased to receive the Ministerial Statement in December 2023.

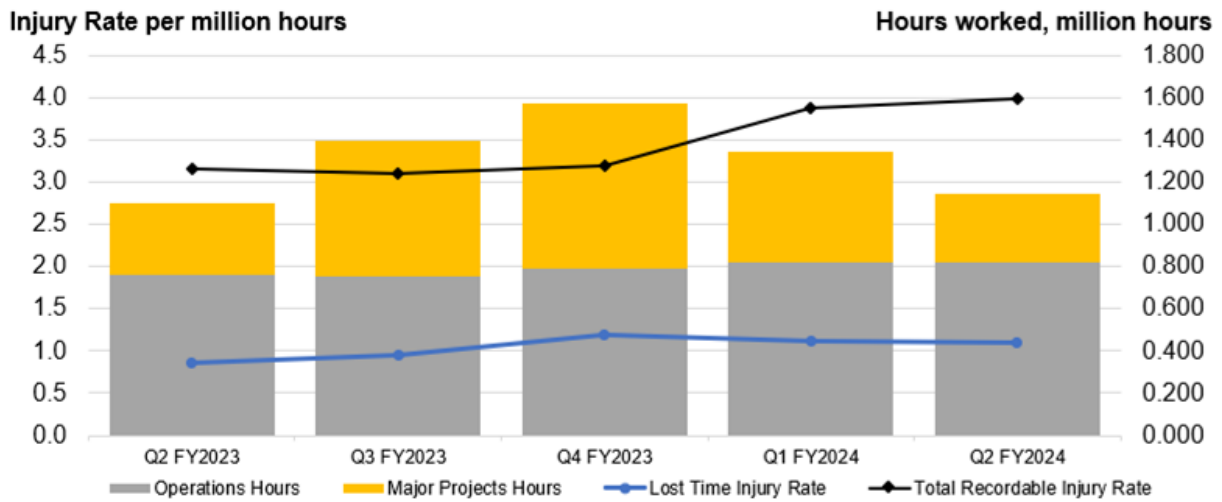
Detailed planning and approvals continued for the U.S. Rare Earths Processing Facility in Seadrift, Texas, during the quarter. This included supporting the United States (U.S.) Department of Defense's (DoD's) National Environmental Policy Act (NEPA) approval process and joint consultation and engagement with local communities in Seadrift and Port Lavaca, Texas.

SAFETY AND ENVIRONMENT

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

The Company-wide 12-month rolling Lost Time Injury Rate at the end of December 2023 was 1.1 per million hours worked, while the Total Recordable Injury Rate was 4.0 per million hours for the same period.

The Company reduced recordable injuries quarter on quarter by 50% from eight to four. Two recordable injuries occurred in ongoing operations, and two occurred in major project construction.



At Lynas we are proud of our full compliance with local laws and regulations and adoption of international best practices. In line with this commitment, 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.

MARKETING AND SALES

	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24
Sales Volume REOt	3,725	4,914	4,050	2,701	3,916
Sales Revenue	A\$217.5m	A\$237.1m	A\$143.7m	A\$128.1m	A\$112.5m
Average Selling Price	A\$58.4/kg	A\$48.3/kg	A\$35.5/kg	A\$47.4/kg	A\$28.7/kg
Sales Receipts (cash)	A\$168.4m	A\$229.2m	A\$188.9m	A\$128.5m	A\$107.1m

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

In the December quarter, lower production volumes due to the temporary shutdown for capacity upgrades to the Lynas Malaysia plant were partially compensated by the sale of the inventory which had been accumulated whilst there was uncertainty on Malaysian operating license conditions. Following receipt of an amended operating licence in October 2023, this inventory was supplied to key customers in the December quarter. Inventory has now normalised.

The lower average selling price during the quarter reflected a change in our product mix, including a higher than usual sales volume of Ce-La based products.

The rare earth market price continued to be subdued due to low demand in China, especially in the appliance sector (e.g. air conditioning) which is affected by the construction downturn. Market pricing averaged US\$60/kg (ex VAT) during the quarter, returning to post-COVID levels (end of 2020-early 2021). China's economic recovery is seen as the main factor which could possibly trigger a change in price trend.

	NdPr Oxide China Domestic Price (VAT excluded)							
	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Oct	Nov	Dec
USD/kg	83	88	60	59	60	63	61	56
Base 100	100	106	72	71	73	76	74	67

	Dy Oxide China Domestic Price (VAT excluded)							
	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Oct	Nov	Dec
USD/kg	291	295	257	290	327	328	319	335
Base 100	100	101	88	100	113	113	110	115

	Tb Oxide China Domestic Price (VAT excluded)							
	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Oct	Nov	Dec
USD/kg	1651	1642	1058	934	978	1014	942	977
Base 100	100	99	64	57	59	61	57	59

OPERATIONS

Upstream

The Mt Weld exploration program has continued apace and Lynas is pleased to announce the successful completion of the exploration drilling program into the fresh carbonatite below the current Mt Weld Rare Earth Elements (REE) open pit mine. As outlined in the exploration drilling report released separately today, the drilling has confirmed extensive Rare Earth Element mineralisation below and surrounding the current mine pit floor and also enhanced our understanding of the Mt Weld Carbonatite. The fresh carbonatite has the potential to be a new Rare Earth Element ore source and provide pathways for a simpler, lower cost, extraction process than the current saprolite zone. Results from the drilling program will be used to update the resource model later in the calendar year.

Key highlights of the drilling program include:

- 30 diamond core holes for 8,000m completed
- 165 reverse circulation (RC) holes for 31,754m completed
- Drillholes were collared from the surface and from the current mine pit floor targeting the area below and surrounding the 2018 Life of Mine (LOM) design
- Reverse circulation (RC) drilling assays have returned results averaging up to 3.3% Rare Earth Oxide (REO) in unweathered (fresh) carbonatite. The majority of holes were drilled to 200m below surface with multiple holes encountering 90 to 110 metres of continuous Rare Earth Element (REE) mineralisation and open at depth
- RC assays have returned Heavy Rare Earth results (Dysprosium (Dy)) between 1,400 to 1,700 ppm Dy_2O_3 across 2 to 5 m intercepts and up to 4,301 ppm of Dy_2O_3 in the saprolite zone, outside the current Life of Mine pit. Further drilling is planned with the intent of extending the mineral resource to the north-west
- Assay results for the ratio of NdPr within total REO%, within the carbonatite portion of the holes remain consistent with the weathered saprolite above
- Geological and structural core logging, core photography and sampling is ongoing
- Geological core and RC logging has identified four domains of carbonatite: dolomite, ankerite, calcite and phoscorite
- Varying concentrations of coarse grained and fine grained REE mineralisation were observed in multiple domains during core logging
- Mineralogical and metallurgical studies are ongoing with initial gravity test work at external laboratories showing promising results at producing a REE concentrate
- A 3D and 2D seismic survey exploration program was conducted on the central part of Mt Weld Carbonatite to improve knowledge of the geological structures, regolith profile, nature of groundwater bearing aquifer zones and to highlight further exploration targets.¹

Following the completion of Mining Campaign 4 in the June 2023 quarter and stockpiling of ore sufficient for 12 months' production, there were no mining activities conducted during the quarter.

¹ Information in this report is extracted from the report entitled "Mt Weld exploration drilling program successfully completed" created on 22 January 2024, which is available to view at: <https://lynasrareearths.com/investors-media/asx-announcements>. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Mt Weld maintained steady operations at 80% of nameplate capacity during the quarter, with a strong focus on unit cost optimisation and recoveries.

Following the end of the quarter, Mt Weld is moving back to maximum production rates to support both Lynas Malaysia and the Kalgoorlie Rare Earth Processing Facility with the required feed stock.

Downstream

	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24
Ready for Sale Production Volume Total	4,457 REOt	4,348 REOt	4,475 REOt	3,609 REOt	1,566 REOt
Ready for Sale Production Volume NdPr	1,508 REOt	1,725 REOt	1,864 REOt	1,526 REOt	901 REOt

As announced on 24 October 2023, a variation to the Malaysian operating licence was issued, allowing the continued importation and processing of 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.

As part of the licence variation, Lynas Malaysia will increase 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 directed towards developing methods for removal of naturally occurring radioactive material (NORM) from residues and will be overseen by the Malaysian Atomic Energy Licensing Board (AELB). The Lynas Research & Development team is fully engaged in this research program.

During the quarter, Lynas Malaysia was temporarily shutdown from mid-November until end of December, while works were completed to progressively increase separation capacity to approximately 10,500 tonnes p.a. for the NdPr family (NdPr, Nd, Pr) and improve the reliability of the cracking and leaching plant.

NdPr Production for the quarter at 901 tonnes reflects a good performance in line with our current 600 tonnes per month nameplate capacity during the 1.5-month period prior to the temporary shutdown starting in mid-November. The upgrade work completed during the shutdown were the biggest changes to the facility since the initial construction of the Lynas Malaysia plant. The works saw 600 subcontractors mobilise on site. All planned modifications were completed without any injuries sustained. The plant restarted as planned on 1st January 2024.

As works for the implementation of the new Malaysian flow sheet have progressed an improved ramp-up plan, from that announced on 20 October 2023, has been developed. This new plan smooths production across the 6 months to 30 June 2024. Production in the March quarter is now expected to be approximately 1,500 tonnes with production across the 6 months to June 2024 expected to increase slightly from the previous estimate to be in the range of 3,200 to 3,400 tonnes. The new profile is still expected to prove the new target capacity of 750t/month in the June quarter.

LYNAS GROWTH PROJECTS

Kalgoorlie Project

Construction activities of the Kalgoorlie Rare Earths Processing Facility were largely complete during the quarter in parallel with full plant commissioning. Following completion of the kiln heating and other commissioning activities, the first feed of material from Mt Weld was introduced into the Kalgoorlie facility in December 2023.

A significant number of our Lynas Malaysia team who were mobilised to Kalgoorlie to assist in the final stages of commissioning are now supporting production ramp up at the Kalgoorlie Facility.

Mixed Rare Earth Carbonate (MREC) from the Kalgoorlie Facility is expected to be progressively introduced to the Lynas Malaysia plant commencing late in the March quarter 2024. In the future, the Kalgoorlie facility is expected to also feed MREC to the new Lynas Seadrift Facility in Texas.



Lynas Kalgoorlie Rare Earths Processing Facility

Mt Weld Expansion

The Mt Weld Expansion Project schedule remains on track with early construction activities progressing as planned. These include Stage 1 structural, mechanical and piping (SMP) works in the thickener and filter circuit and the commencement of electrical works in December. Negotiations are well advanced with potential contractors for Stage 2 SMP works and the tender for the construction of the Tailings Storage Facility has been issued.

During the quarter, the Environmental Protection Authority (EPA) concluded their assessment of the Mt Weld Life of Mine Proposal and we were pleased to receive the Ministerial Statement in December 2023. This is an important step towards full project approvals.

With the transition to cleaner energy at Mt Weld, the negotiation of the Power Purchasing Agreement for the hybrid gas renewable power station is well advanced. This power station will replace the current diesel power station and will provide a staged hybrid gas-renewable power supply targeting up to 70% renewable energy penetration with mix of solar, wind and battery energy storage.



Mt Weld Expansion – Stage 1 (Thickener and Filter Circuit)

United States

During the quarter, detailed engineering, planning and approvals work continued for our U.S. Rare Earths Processing Facility. This included supporting the United States (U.S.) Department of Defense's (DoD's) National Environmental Policy Act (NEPA) approval process for the proposed U.S. Rare Earths Processing Facility in Seadrift, Texas. Joint local community engagement activities were undertaken in Seadrift and Port Lavaca, Texas, and a 30-day Public Notice review period completed with no public comments or submissions received.

In January, Lynas made a submission to a DoD solicitation process for a new Prototype OTA process for the development of an additional source for the domestic Light Rare Earth Elements (LREE) industrial base. Lynas's existing US\$60 million (50:50 cost share) agreement with the DoD for the construction of the Light Rare Earths (LRE) component of the Lynas U.S. Rare Earths Processing Facility remains on foot.

FINANCE

Cash Position

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

CASH FLOW	A\$ million	A\$ million
	Dec 23 quarter	FY24 YTD
Cash Inflows		
Receipts from customers	107.1	235.6
Refund of security deposits	1.8	1.8
Cash Outflows		
Payment for production, administration and royalty costs	(124.7)	(222.1)
Payments for capex, exploration and development	(182.2)	(346.9)
Payments for extinguishment of rehabilitation liability ¹	(6.3)	(10.7)
Payments of borrowings	(2.9)	(2.9)
Net interest received	8.8	20.3
Net exchange rate adjustment	(18.1)	(0.2)
OPENING CASH AND SHORT TERM DEPOSITS	902.6	1,011.2
CLOSING CASH AND SHORT TERM DEPOSITS	686.1	686.1

(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.

CORPORATE

Malaysian Operating Licence

As announced on 24 October 2023, Lynas Malaysia has been issued with a variation to its operating licence which allows the continued importation and processing of 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.

Authorised by:
Sarah Leonard
Company Secretary