Interim Unaudited Consolidated Financial Report incorporating Appendix 4D

For the half year ended 31 December 2023

ACN 009 066 648
and
Controlled Entities

Contents

Appendix 4D
(Listing Rule 4.2A.3)
Lynas Rare Earths Ltd (ACN 009 066 648)
And Controlled Entities

For the half year ended 31 December 2023

Reporting Period: Half year ended 31 December 2023 (1H 24)

Comparative Reporting Period: Half year ended 31 December 2022 (1H 23)

Results for announcement to market

	1H 24	1H 23	Movement	
	$m	$m	$m	%
Revenue from ordinary activities	234.8	370.0	(135.2)	(37%)
Earnings before interest, tax, depreciation, amortisation and treasury charges (EBITDA)	62.6	189.0	(126.4)	(67%)
Profit from ordinary activities after tax attributable to members	39.5	150.1	(110.6)	(74%)
Net profit for the period attributable to members	39.5	150.1	(110.6)	(74%)

Dividend Information

No dividends have been paid or proposed at 31 December 2023.

Net Tangible Assets

	1H 24	1H 23
Net Tangible Assets per share	234.65	199.02

Directors' report

The Board of Directors (the "Board" or the "Directors") of Lynas Rare Earths Limited (the "Company" or "Lynas") and its subsidiaries (together referred to as the "Group") submit their report for the half year ended 31 December 2023.

Directors

The names and details of the Company's Directors who were in office during or since the end of the financial year are as set out below. All Directors were in office for this entire period unless otherwise stated.

Kathleen Conlon	Non-Executive Chairman (Resigned 29 Nov 2023)
John Humphrey	Non-Executive Director (Appointed Non-Executive Chairman effective 29 Nov 2023)
Amanda Lacaze	Managing Director
Philippe Etienne	Non-Executive Director
Grant Murdoch	Non-Executive Director
Vanessa Guthrie	Non-Executive Director
John Beevers	Non-Executive Director

Review of operations

Financial highlights

FY24 is an important transitional year for Lynas. We have an extensive portfolio of projects that support our ambitious growth plan and during the December half year, significant progress was made on all key projects. These projects, when complete, will ensure Lynas is well positioned to take advantage of forecast market growth and any improvement in finished product pricing in 2024.

Our Malaysian operations have been a key part of the success of our business. Proven, low cost, stable production is delivered by our highly skilled team. In October 2023, a variation to our current operating licence was announced which is valid until 2 March 2026. Under the amended licence Lynas will invest 1% of Lynas Malaysia's gross sales in new R&D directed to developing methods for removing naturally occurring radioactive material (NORM) from residues.

The R&D scope follows extensive discussions with the Malaysian government and regulators and provides a path for ongoing operations in Malaysia and options for low cost production expansion.

Following the issuance of the new licence, significant upgrade works were completed at the Lynas Malaysia plant during a 6-week shutdown in November and December. These works enable the Malaysian plant to progressively increase separation capacity to 10,500 tonnes per annum by the end of CY2024, ahead of the original Lynas 2025 timeframe. Works to improve plant reliability and major maintenance works in the cracking and leaching facility were also completed during the shutdown.

This was our largest works program in over a decade. All works were completed safely and successfully and the restart in January was efficient and incident free.

In Australia, we continue to develop our understanding of the Mt Weld ore body. The exploration drilling program into the fresh carbonatite below the current Mt Weld Rare Earth Elements (REE) open pit mine was successfully completed during the period and confirmed extensive Rare Earth Element mineralisation below and surrounding the current mine pit floor. Results from the drilling program will be used to update the resource model later in the calendar year.

The Mt Weld Expansion Project continued to progress construction activities during the half year. Stage 1 works focused on the construction and commissioning of the dewatering circuit under existing approvals. When complete, this circuit will support a step up in Mt Weld production. This is expected to be delivered in mid 2024, with other elements of the project on track for staged completion and commissioning throughout 2024 and early 2025.

The WA Environmental Protection Authority (EPA) concluded their assessment of the Mt Weld Life of Mine Proposal with a recommendation for approval. Lynas was pleased to receive the Ministerial Statement in December 2023 and the Process Plant Works Approval from the WA Department of Water and Environmental Regulation (DWER) in February 2024.

Construction of our new Kalgoorlie Rare Earths Processing Facility was largely completed and the first feed of material from Mt Weld was introduced in December 2023. Following the issuance of the updated licence and the upgrade works at Lynas Malaysia, we will optimise feedstock for our Malaysian plant to deliver the target increase to 10,500 tonnes/annum NdPr by the end of CY2024.

In August 2023, Lynas signed a follow on contract with the United States (U.S.) Department of Defense (DoD) for the construction of the Heavy Rare Earths component of the Lynas U.S. Rare Earths Processing Facility in Texas. The updated contract is an expenditure-based contract under which all of Lynas' properly allocable construction costs will be reimbursed. A contribution by the U.S. Government of approximately US$258 million is currently allocated to the Project. The updated contract followed detailed design work and cost updates since the original design was completed.

During the half year, progress on the U.S. Rare Earths Processing Facility project included detailed engineering, planning and approvals work. We were delighted to receive NEPA approval in January 2024 marking an important milestone. Consultation and engagement with our local communities in Texas is ongoing and we are pleased with the ongoing support for the project.

In addition to our organic growth projects, merger and acquisition opportunities were considered during the period.

Notwithstanding the significant projects, the 6 week shutdown of the Lynas Malaysia plant, and the low market price environment, Lynas is pleased to report a profitable 1H 24. Continued strong demand for Lynas' products and careful management of operating costs led to a Net Profit Before Tax (NPBT) of $50.3m.

	1H 24	1H 23	Movement	
	$m	$m	$m	%
Net Sales Revenue	234.8	370.0	(135.2)	(37%)
Cost of Sales	(159.0)	(185.0)	26.0	14%
Gross Profit	**75.8**	**185.0**	**(109.2)**	**(59%)**
Net Profit Before Tax	**50.3**	**170.1**	**(119.8)**	**(70%)**
Net Profit After Tax	**39.5**	**150.1**	**(110.6)**	**(74%)**

	31 Dec 23	30 June 23	Movement	
	$m	$m	$m	%
Cash	686.1	1,011.2	(325.1)	(32%)
Net Assets	**2,204.3**	**2,163.4**	**40.9**	**2%**

Mt Weld

Lynas Rare Earths continues to develop the Mt Weld resource to meet forecast demand growth. This includes ongoing exploration, production of mixed rare earths concentrate, and an expansion project to increase concentrate feedstock production to support 12,000 tonnes per annum of finished NdPr oxide.

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

Mt Weld maintained steady operations above 80% of nameplate capacity for the period, with a strong focus on unit cost optimisation and recoveries. In 2H 24, Mt Weld will return to maximum production rates to support both Lynas Malaysia and the Kalgoorlie Rare Earth Processing Facility with the required feed stock.

Mt Weld Exploration

Mt Weld exploration has continued apace and on 22 January 2024, Lynas announced the successful completion of the exploration drilling program into the fresh carbonatite below the current Mt Weld Rare Earth Elements (REE) open pit mine. 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.

Key highlights 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 northwest
- 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.

Mt Weld Expansion

The Mt Weld Expansion Project remains on track with construction activities progressing as planned during the period. Activities included 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 new Tailings Storage Facility has been issued.

Stage 1 works focused on the construction and commissioning of the dewatering circuit under existing approvals. Once complete, this circuit will support a step up in Mt Weld production. This is expected to be delivered in mid-2024, with other elements of the project on track for staged completion and commissioning throughout 2024 and early 2025.

In November 2023, the WA Environmental Protection Authority (EPA) concluded their assessment and recommended the Mt Weld Life of Mine Proposal for approval. We were pleased to receive the Ministerial Statement in December

2023 and the Process Plant Works Approval from the WA Department of Water and Environmental Regulation (DWER) in February 2024.

As part of the transition to cleaner energy at Mt Weld, the negotiation of the Power Purchasing Agreement for the gas-firmed hybrid 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.

Lynas Malaysia

A variation to the Malaysian operating licence was announced on 24 October 2023, 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.

Under this operating licence, 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 in conjunction with local Malaysian research partners, in addition to existing research partners in Australia and Europe.

During the half year, Lynas Malaysia was temporarily shutdown from mid-November until end of December. During this time, works were undertaken to enable separation capacity of approximately 10,500 tonnes p.a. for the NdPr family (NdPr, Nd, Pr). Other tasks included works to improve the reliability of the cracking and leaching plant. The upgrade works 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 and the plant restarted as planned on 1st January 2024.

Kalgoorlie

During the period, 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. In the future, the Kalgoorlie facility is expected to also feed MREC to the new Lynas Seadrift Facility in Texas.

Lynas USA

In August 2023, wholly owned subsidiary Lynas USA LLC signed a follow on contract with the United States (U.S.) Department of Defense (DoD) for the construction of the Heavy Rare Earths component of the Lynas U.S. Rare Earths Processing Facility in Texas. The updated contract is an expenditure-based contract under which all of Lynas' properly allocable construction costs will be reimbursed. A contribution by the U.S. Government of approximately US$258 million is currently allocated to the Project. This is an increase from the approximately US$120 million announced in June 2022. The updated contract followed detailed design work and cost updates since the original design was completed.

Detailed engineering, planning and approvals work continued for our U.S. Rare Earths Processing Facility throughout the period. This included supporting the 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 at the end of the calendar year. In January 2024, the federal NEPA environmental approval process was successfully concluded with the issuance of a "Finding of No Significant Impact". Site based works are now able to be undertaken and will commence with a geotechnical drilling program to provide further information on site ground conditions for optimisation of building foundation designs.

In January 2024, 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' submission has been assessed as meeting the requirements of the solicitation process and has progressed to the next stage.

Malawi deposit

Since fiscal year 2012, no further capital investment has been made on the Kangankunde Rare Earths resource development in Malawi and the project remains on hold while the Malawi deposit remains the subject of an ongoing title dispute. As announced on 22 January 2019, the Malawi government has purported to cancel the Group's Malawi mining lease and the Group has initiated judicial review proceedings in the Malawi courts challenging that decision.

Health, safety and environment

Lynas is committed to ensuring the Group's operations in Australia and Malaysia are consistent with national and international safety and sustainability best practice. Lynas has established extensive processes to ensure that our operations are safe for employees, safe for the environment and community, and secure for our customers.

The 12-month rolling lost time injury frequency rate as at 31 December 2023 was 1.1 per million hours worked (30 June 2023: 1.2 per million hours worked). In addition, the 12-month total recordable injury frequency rate at 31 December 2023 was 4.0 per million hours worked (30 June 2023: 3.2 per million hours worked).

Lynas Malaysia and Mt Weld continue to be certified under ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management) and ISO 45011:2018 (Occupational Health and Safety Management). Lynas sites have been certified since 2012. Lynas is fully compliant with local laws and regulations in each of our operating locations and we voluntarily implement best practice where it delivers a higher standard than local regulations.

Information concerning the Company's environmental monitoring programs is available at www.LynasRareEarths.com.

Financial and operational performance

Sales volume, revenue and costs

Sales by tonnage and value		1H 24	1H 23	2H 23	FY23
Sales volume	(REOt)	6,617	7,050	8,964	16,014
Cash receipts from customers	(A$m)	235.6	402.9	417.9	820.8
Sales revenue	(A$m)	234.8	370.0	369.3	739.3
Average selling price	(A$/kg)	35.5	52.5	41.2	46.2
Cost of sales	(A$m)	(159.0)	(185.0)	(214.9)	(399.9)

Sales volumes were only 6% less than 1H 23 despite lower production volumes due to the temporary shutdown for capacity upgrades to the Lynas Malaysia plant in late November and December. Sales were managed throughout the period by the sale of the inventory which had been accumulated whilst there was uncertainty with respect to Malaysian operating license conditions. Following receipt of an amended operating licence in October 2023, this inventory was sold to key customers in the December quarter. Inventory has now normalised.

Market prices

The average China domestic price of NdPr (VAT excluded) decreased from US$60.4/kg in June 2023 to US$56.0/kg in December 2023. The lower average selling price during the period reflected this reduction and a change in our product mix, including a higher than usual sales volume of Ce-La based products.

Rare earth market prices 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. China’s economic recovery is seen as the main factor which could possibly trigger a change in price trend.

Production volumes

		1H 24	1H 23	2H 23	FY23
Ready for sale production volume total	(REOt)	5,175	7,957	8,823	16,780
Ready for sale production volume NdPr	(REOt)	2,427	2,553	3,589	6,142

A variation to the Malaysian operating licence was announced on 24 October 2023, 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.

Lynas Malaysia was temporarily shutdown from mid-November until end of December, while works were completed to enable separation capacity of approximately 10,500 tonnes p.a. for the NdPr family (NdPr, Nd, Pr) and improve the reliability of the cracking and leaching plant. Half year NdPr production of 2,427 tonnes reflects a good performance in line with our current nameplate capacity during the 4.5-month period prior to the temporary shutdown starting in mid-November. All planned modifications were completed without any injuries sustained. The plant restarted as planned on 1 January 2024.

Cash and cash flows

In A$m	1H 24	1H 23
Net operating cash inflows	5.5	192.0
Net investing cash outflows	(321.5)	(233.6)
Net financing cash inflows / (outflows)	(8.7)	6.3
Net cash flows	**(324.8)**	**(35.3)**

In A$m	31 Dec 2023	30 June 2023
Cash and cash equivalents	686.1	1,011.2

Operating cash flows decreased significantly in 2H 23 as a result of the reduction in receipts from sales in line with lower market prices and $10.6m of outflows relating to payments in relation to the settlement of rehabilitation liabilities associated with the PDF in Malaysia. Net investing cash outflows primarily relate to payments associated with the Lynas Kalgoorlie and Mt Weld expansion projects. Financing cash flows comprised financial expenses, payments on lease liabilities and a US$2.0m (A$2.9m) payment on the JARE loan facility.

Debt and capital

In A$m	1H 24	1H 23	2H 23	FY23
JARE loan	172.6	188.4	177.4	177.4
Financial income	22.7	13.9	22.5	36.4
Financial expenses	(4.2)	(1.8)	(2.2)	(4.0)

US$2.0m (A$2.9m) in principal repayments were made on the JARE facility.

Financial income has increased from 1H23 as a result of higher interest rates on cash held and have remained consistent with the 2H 23 period. Financial expenses are net of $6.0m (HY22: $6.5m) of interest that has been capitalised into the Kalgoorlie Rare Earths Processing Facility project. There have been no changes to the interest rate on the JARE facility during the period.

During the half year ended 31 December 2023, the Company issued shares as shown below:

	Number (000's)
Shares on issue 30 June 2023	933,815
Issue of shares pursuant to exercised performance rights	879
Shares on issue 31 December 2023	**934,694**

Performance rights

At 31 December 2023, the Company had the following options and performance rights on issue:

	Number (000's)
Performance rights	3,754

Earnings per share

For the half year ended 31 December	2023	2022
Basic earnings per share (cents per share)	4.23	16.60
Diluted earnings per share (cents per share)	4.22	16.56

Dividends

There were no dividends declared or paid during the half year ended 31 December 2023 (2022: nil) and no dividends have been declared or paid since 31 December 2023.

Risk management

The Group takes a proactive approach to risk management. The Directors are responsible for ensuring that risks and opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with these risks and opportunities.

The Group believes it is crucial for Directors to be a part of this process and has established an Audit, Risk and ESG Committee and a Health, Safety and Environment Committee.

Lynas Rare Earths has a Risk Management Policy and a Risk Management Framework for oversight and management of material business risks.

Factors and business risks that affect future performance

Lynas operates in a changing environment and is therefore subject to factors and business risks that will affect future performance.

We identify risks, then evaluate the inherent risk of an activity and the mitigation required. Risk assessments are updated by operations and management and reported to the Board of Directors.

Basis of report

The report is based on the guidelines in The Group 100 Incorporated publication Guide to the Review of Operations and Financial Condition.

Environmental regulation and performance

The Group is bound by the requirements and guidelines of the relevant environmental protection authorities for the management and rehabilitation of mining tenements owned or previously owned by the Group. Mining tenements are being maintained and rehabilitated following these guidelines. The Group is also bound by the requirements of its operating licence in Malaysia. There have been no known breaches of any of these requirements and guidelines.

We continue to focus on ensuring positive relationships with regulators and local communities, and compliance with regulatory requirements in both jurisdictions in which we operate.

Significant changes in the state of affairs

Except as disclosed in the review of operations, the factors and business risks that affect future performance and the subsequent events, there have been no significant changes in the state of affairs of the Group during the half year ended 31 December 2023.

Auditor's independence declaration

We have obtained an independence declaration from our auditors, Ernst & Young, which follows the Directors' Declaration.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, in relation to the "rounding off" of amounts. Amounts in the Directors' Report and Financial Statements have been rounded off, in accordance with the Instrument, to the nearest thousand dollars, unless otherwise stated.

Subsequent events

There have been no events subsequent to 31 December 2023 that would require accrual or disclosure in this financial report.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.

John Humphrey
Chairman
Sydney, 26 February 2024

Directors' declaration

In accordance with a resolution of the directors of Lynas Rare Earths Limited, I state that in the opinion of the directors:

a) The interim financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including

   i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and

   ii) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors,

John Humphrey
Chairman
Sydney, 26 February 2024

Auditor's independence declaration

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Auditor's independence declaration to the directors of Lynas Rare Earths Limited

As lead auditor for the review of the half-year financial report of Lynas Rare Earths Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Lynas Rare Earths Limited and the entities it controlled during the financial period.

Ernst + Young

Ernst & Young

T S Hammond
Partner
26 February 2024

Independent auditor's report

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Independent auditor's review report to the members of Lynas Rare Earths Limited

Conclusion

We have reviewed the accompanying half-year financial report of Lynas Rare Earths Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst + Young

Ernst & Young

T S Hammond
Partner
Perth
26 February 2024

Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December

In A$'000	Note	2023	2022
Revenue	2	234,779	369,982
Cost of sales	2	(159,012)	(185,019)
Gross profit		**75,767**	**184,963**
General and administration expenses	2	(39,867)	(30,572)
Net foreign exchange (loss) / gain		(3,905)	5,411
Other expenses		(205)	(1,782)
Profit from operating activities		**31,790**	**158,020**
Financial income	3	22,709	13,884
Financial expenses	3	(4,245)	(1,826)
Net financial income / expense		**18,464**	**12,058**
Profit before income tax		**50,254**	**170,078**
Income tax expense	4	(10,718)	(20,002)
Profit for the period		**39,536**	**150,076**
Other comprehensive income / (loss) for the period net of income tax that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(4,977)	607
Total other comprehensive income / (loss) for the period, net of income tax		**(4,977)**	**607**
Total comprehensive income for the period attributable to equity holders of the Company		**34,559**	**150,683**
Earnings per share			
Basic earnings per share (cents per share)	16	4.23	16.60
Diluted earnings per share (cents per share)	16	4.22	16.56

The interim unaudited consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the interim unaudited consolidated financial statements.

Consolidated statement of financial position

As at

In A$'000	Note	31 Dec 2023	30 June 2023
Assets			
Cash and cash equivalents	5	686,102	1,011,212
Trade and other receivables	6	41,238	59,574
Prepayments		1,274	3,899
Current tax asset		966	-
Inventories	7	106,159	111,893
Total current assets		**835,739**	**1,186,578**
Inventories	7	12,846	12,882
Property, plant and equipment	9	1,723,741	1,294,511
Deferred development expenditure	9	60,772	49,693
Intangible assets		1,129	1,401
Deferred tax asset		6,736	8,959
Other non-current assets	8	83,795	84,651
Total non-current assets		**1,889,019**	**1,452,097**
Total assets		**2,724,758**	**2,638,675**
Liabilities			
Interest payable		-	265
Trade and other payables	10	53,829	82,004
Borrowings	11	20,863	10,004
Current tax liability		-	25,846
Employee benefits	13	5,472	5,084
Provisions	13	57,887	37,264
Lease liabilities		4,357	4,514
Total current liabilities		**142,408**	**164,981**
Borrowings	11	151,691	167,375
Employee benefits	13	1,654	1,414
Provisions	13	221,454	133,039
Lease liabilities		6,465	8,462
Total non-current liabilities		**381,264**	**310,290**
Total liabilities		**523,672**	**475,271**
Net assets		**2,201,086**	**2,163,404**
Equity			
Share capital	15	2,091,089	2,091,089
Retained earnings		175,432	135,896
Reserves		(65,435)	(63,581)
Total equity attributable to the equity holders of the Company		**2,201,086**	**2,163,404**

The interim unaudited consolidated statement of financial position should be read in conjunction with the notes to the interim unaudited consolidated financial statements.

Consolidated statement of changes in equity

In A$'000	Ref	Share capital	Retained earnings / (Accumulated losses)	Foreign currency translation reserve	Equity settled employee benefits reserve	Warrant reserve	Total
Balance at 1 July 2023		2,091,089	135,896	(151,147)	65,801	21,765	2,163,404
Other comprehensive income for the period		-	-	(4,977)	-	-	(4,977)
Total profit for the period		-	39,536	-	-	-	39,536
Total comprehensive income for the period		**-**	**39,536**	**(4,977)**	**-**	**-**	**34,559**
Employee remuneration settled through share-based payments		-	-	-	3,123	-	3,123
Balance at 31 Dec 2023		**2,091,089**	**178,606**	**(156,124)**	**68,924**	**21,765**	**2,201,086**
Balance at 1 July 2022		1,859,598	(174,770)	(119,570)	58,591	21,765	1,645,614
Other comprehensive income for the period		-	-	607	-	-	607
Total profit for the period		-	150,076	-	-	-	150,076
Total comprehensive income for the period		**-**	**150,076**	**607**	**-**	**-**	**150,683**
Issue of shares and options, net of issue costs		13,429	-	-	-	-	13,429
Employee remuneration settled through share-based payments		-	-	-	3,643	-	3,643
Balance at 31 Dec 2022		**1,873,027**	**(24,694)**	**(118,963)**	**62,234**	**21,765**	**1,813,369**

The interim unaudited consolidated statement of changes in equity should be read in conjunction with the notes to the interim unaudited consolidated financial statements.

Consolidated statement of cash flows

For the half year ended 31 December

In A$'000	Note	2023	2022
Cash flows from operating activities			
Receipts from customers		235,638	402,852
Payments to suppliers and employees		(179,476)	(200,216)
Payments for discharge of rehabilitation obligation		(10,635)	(2,083)
Royalties paid		(4,757)	(8,187)
Income taxes paid		(35,298)	(390)
Net cash from operating activities		**5,472**	**191,976**
Cash flows from investing activities			
Payments for property, plant and equipment and development expenditure		(346,882)	(239,705)
Security bonds paid		(46)	(60)
Security bonds refunded		1,852	12
Interest received		23,535	10,838
Deposit as collateral for AELB		-	(4,664)
Net cash used in investing activities		**(321,541)**	**(233,579)**
Cash flows from financing activities			
Interest and other financing costs paid		(3,200)	(3,262)
Proceeds from the issue of share capital		-	13,429
Repayment of long term borrowings		(2,936)	(2,933)
Repayment of lease liabilities		(2,601)	(910)
Net cash provided from / (used in) financing activities		**(8,737)**	**6,324**
Net decrease in cash and cash equivalents		(324,806)	(35,279)
Cash and cash equivalents at the beginning of the half year		1,011,212	965,584
Effect of exchange rate fluctuations (net) on cash held		(304)	3,848
Closing cash and cash equivalents	5	**686,102**	**934,153**

The interim unaudited consolidated statement of cash flows should be read in conjunction with the notes to the interim unaudited consolidated financial statements.

Notes to consolidated financial statements

For the half year ended 31 December 2023

About this report

Lynas Rare Earths Limited (the "Company") is a for-profit company domiciled and incorporated in Australia.

The interim unaudited consolidated financial statements of the Company as at and for the half year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group" or "Lynas").

The Group is principally engaged in the extraction and processing of rare earth minerals, primarily in Australia and Malaysia.

The address of the registered office of the Company is Level 4, 1 Howard St Perth, WA, Australia.

1. Basis of preparation

Statement of compliance

The interim unaudited consolidated financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting. The disclosures required in these interim unaudited consolidated financial statements are less extensive than the disclosure requirements for annual financial statements. The interim unaudited consolidated financial statements should be read in conjunction with the annual financial report of the Group for the year ended 30 June 2023.

The interim unaudited consolidated financial statements comprise the statements of profit or loss and other comprehensive income, financial position, changes in equity and cash flows as well as the relevant notes to the interim unaudited consolidated financial statements.

Basis of measurement

The financial report has been prepared under the historical cost convention.

Information as disclosed in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the current period is for the 6 month period ended 31 December 2023. Information for the comparative period is for the 6 month period ended 31 December 2022.

Consolidation of subsidiaries

Subsidiaries are entities controlled by the Company or the Group. Control is achieved when the Company or Group has power over the investee, is exposed, or has the rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the financial report from the date control (or effective control) commences until the date that control ceases. All entities within the Group are 100% owned and controlled.

Intra-group balances and unrealised items of income and expense arising from intra-group transactions are eliminated in preparing the financial report. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same manner as gains, but only to the extent that there is no evidence of impairment.

Presentation currency

These interim unaudited consolidated financial statements are presented in Australian dollars ("AUD"), which is the Group's presentation currency.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, in relation to the "rounding off" of amounts. Amounts in the Directors' Report and Financial Report have been rounded off, in accordance with the Instrument, to the nearest thousand dollars, unless otherwise stated.

2. Segment revenue and expenses

AASB 8 Operating Segments (“AASB 8”) requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Makers (CODM) in order to allocate resources to the segment and to assess its performance.

At period end, the Group’s CODM are the Board of Directors of the Company, the Chief Executive Officer, the Chief Financial Officer, the VP Upstream, the VP Downstream, the General Counsel & Company Secretary, the VP Malaysia, the VP People & Culture and the VP Strategy and Investor Relations. Information reported to the Group’s CODM for the purposes of resource allocation and assessment of performance currently focuses on the operation of the Group’s integrated rare earth extraction and process facilities.

The Group has only one reportable segment under AASB 8 being its rare earth operations. The CODM does not review the business activities of the Group based on geography.

All of the Group’s revenue is derived through the sale of Rare Earth products and is sold to non-Australian customers.

The accounting policies applied by this segment are the same as the Group’s accounting policies. Results from operating activities represent the profit earned by this segment without allocation of interest income and expense and income tax benefit (expense). The CODM assess the performance of the operating segment based on adjusted EBITDA. Adjusted EBITDA is defined as net profit before income tax expense, net of financial expenses, depreciation and amortisation and adjusted to exclude certain significant items, including but not limited to such items as employee remuneration settled through share-based payments, restructuring costs, unrealised gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write downs.

In A$'000	For the half year ended 31 December 2023			For the half year ended 31 December 2022		
	Rare Earth Operations	Corporate/ Unallocated	Total Continuing Operations	Rare Earth Operations	Corporate/ Unallocated	Total Continuing Operations
Business segment reporting						
Revenue from contracts with customers	237,064	-	237,064	379,013	-	379,013
Other revenue:						
Revenue adjustments	(2,285)		(2,285)	(9,031)		(9,031)
Total revenue	**234,779**	**-**	**234,799**	**369,982**	**-**	**369,982**
Cost of sales (excl depreciation)	(132,964)	-	(132,964)	(160,748)	-	(160,748)
Cost of sales (depreciation)	(26,048)	-	(26,048)	(24,271)	-	(24,271)
Gross profit	**75,767**	**-**	**75,767**	**184,963**	**-**	**184,963**
Employee and production costs net of costs recovered through production	(10,910)	(8,694)	(19,604)	(2,883)	(7,370)	(10,253)
Depreciation expenses net of cost recovered through production	(3,557)	(1,173)	(4,730)	(5,752)	(994)	(6,746)
Other general and administration expenses(1)	(11,565)	(3,968)	(15,533)	(10,802)	(2,771)	(13,573)
Total general and admin expenses	**(26,032)**	**(13,835)**	**(39,867)**	**(19,437)**	**(11,135)**	**(30,572)**
Other (expenses) / income	-	(205)	(205)	-	(1,782)	(1,782)
Net foreign exchange (loss) / gain	-	(3,905)	(3,905)	-	5,411	5,411
Profit / (loss) before interest and tax ("EBIT")	**49,735**	**(17,945)**	**31,790**	**165,526**	**(7,506)**	**158,020**
Financial income			22,709			13,884
Financial expenses			(4,245)			(1,826)
Profit before income tax			**50,254**			**170,078**
Income tax expense			(10,718)			(20,002)
Profit after income tax			**39,536**			**150,076**
EBIT	49,735	(17,945)	31,790	165,526	(7,506)	158,020
Depreciation and amortisation	29,605	1,173	30,778	30,023	994	31,017
EBITDA	**79,340**	**(16,772)**	**62,568**	**195,549**	**(6,512)**	**189,037**
Included in EBITDA:						
Non-cash employee remuneration settled through share based payments	-	3,123	3,123	-	3,643	3,643
Other expense / (income)	-	205	205	-	1,782	1,782
Adjusted EBITDA	**79,340**	**(13,444)**	**65,894**	**195,549**	**(1,088)**	**194,461**

(1) Other general and administration expenses include statutory, consulting, insurance, IT, marketing and general office costs.

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3. Financial income and expenses

In A$'000	For the half year ended 31 December 2023	2022
Interest income	22,709	13,884
Total financial income	**22,709**	**13,884**
Interest expense on financial liabilities:		
Interest expense on JARE loan facility	(2,809)	(2,886)
Unwinding of effective interest on JARE loan facility	(3,267)	(3,657)
Non-cash adjustment to financial liabilities	-	756
Interest capitalised to qualifying assets	6,035	6,496
Unwinding of discount on restoration and rehabilitation provision	(3,733)	(2,108)
Interest expense on lease liabilities	(368)	(123)
Discount unwinding on AELB deposit	297	55
Financing transaction costs and fees	(400)	(359)
Total financial expenses	**(4,245)**	**(1,826)**
Net financial income	**18,464**	**12,058**

4. Income taxes

In A$'000	For the half year ended 31 December 2023	2022
Current tax		
Current tax expense in respect of the current half year	8,829	20,094
Adjustments recognised in the current year in relation to the current tax in prior years	(302)	-
Deferred tax		
Deferred tax expense recognised in the half year	2,190	(92)
Total income tax expense relating to the continuing operations	**10,718**	**20,002**

The significant driver of the difference between income tax expense calculated at 30% (2022: 30%) and actual tax expense is due to the pioneer period status (tax holiday) in relation to the Malaysian operations through to January 2026. In addition, the Group retains unrecognised tax losses that are not recognised as deferred tax assets in Malaysia and Malawi. These unrecognised tax losses will be recognised when it becomes probable that the Group will have future taxable profits in these jurisdictions against which these tax losses can be utilised.

5. Cash and cash equivalents

In A$'000	31 December 2023	30 June 2023
Cash at bank and on hand	686,102	1,011,212
Total cash at bank and on hand	**686,102**	**1,011,212**

6. Trade and other receivables

In A$'000	31 December 2023	30 June 2023
Trade receivables at fair value	27,721	49,192
GST receivables	9,839	5,920
Other receivables	3,678	4,462
Total current trade and other receivables	**41,238**	**59,574**

The Group's exposure to credit risk is primarily in its trade receivables. As at 31 December 2023, $9.7m (30 June 2023: $3.0m), of trade receivables were past due but not impaired, 100% of which has been receipted in 2024. Where debtors become overdue, the Group maintains regular contact and has a history of collecting trade receivables in full.

At 31 December 2023, the Group had sales under contract amounting to A$208.3m (US$141.9m) (30 June 2023: A$190.0m (US$126.0m)) subject to price adjustments. At the date of this report A$23.1m (US$15.7m) of this amount has been finalised with minimal price adjustments in comparison to the date when the sale was initially recognised.

7. Inventories

In A$'000	31 December 2023	30 June 2023
Raw materials and consumables	43,926	48,351
Work in progress	66,462	54,242
Finished goods	8,617	22,182
Total inventories	**119,005**	**124,775**
Current inventories	106,159	111,893
Non-current inventories	12,846	12,882
Total inventories	**119,005**	**124,775**

During the half year ended 31 December 2023 inventories of $159.0m (31 December 2022: $185.0m) were recognised as an expense. All of which were included in 'cost of sales'.

Depreciation recognised in inventories

The Group recognised depreciation on its property, plant and equipment and amortisation on its deferred development expenditure and intangible assets for the half years ended 31 December 2023 and 2022 respectively in the following categories:

In A$'000	Recognised in General and Administration Expense 2023	Recognised in General and Administration Expense 2022	Recognised in Inventory 2023	Recognised in Inventory 2022	Total 2023	Total 2022
Property, plant and equipment	4,031	6,138	25,386	25,463	29,417	31,601
Deferred development expenditure	379	453	-	3,476	379	3,929
Intangibles	320	155	-	-	320	155
Total	**4,730**	**6,746**	**25,386**	**28,939**	**30,116**	**35,685**

On the sale of inventory to customers, the component of the depreciation or amortisation expense capitalised within inventory is reflected in the cost of goods sold in the statement of comprehensive income as a component of the profit or loss. This was $26.1m in the period ending 31 December 2023 (2022: $24.3m).

Write downs of inventory

During the half year ended 31 December 2023, there was $0.1m in write-downs to net realisable value for some products. (31 December 2022: nil).

8. Other non-current assets

In A$'000	31 December 2023	30 June 2023
Security deposits – banking facilities and other, Malaysia	2,058	3,878
Security deposits – banking facilities and other, Australia	5,882	6,007
Security deposits – AELB, Malaysia	16,003	15,887
Security deposits – AELB, Australia	59,852	58,879
	83,795	**84,651**

Deposits to the Malaysian Government's Atomic Energy Licensing Board ("AELB") form a component of a total US$50.0m of instalments due in accordance with the conditions underlying the granting of the Full Operating Stage Licence to the Group for the Lynas Malaysia plant. The total amount deposited as security via a bond for the instalments is US$39.0m (all of which is interest earning). A further US$11.0m paid via cash directly to AELB is non interest earning and has been discounted to a present value of A$5.8m (FY23: A$5.6m).

9. Property, plant and equipment and mine development

In A$'000	Property, Plant and Equipment								Development Expenditure		
	Leasehold land	Buildings plant and equipment	Fixtures and fittings	Right of use assets	Assets under construction	Rehabilitation asset	Leasehold improvements	Total	Development expenditure	Pre-production /Stripping asset	Total
As at 31 Dec 2023											
Cost	27,971	916,388	9,469	16,538	1,093,774	337,624	21,107	**2,305,508**	43,462	40,504	**83,966**
Accumulated impairment losses	-	(182,246)	(380)	-	(260)	-	(7,165)	**(190,051)**	(3,759)	-	**(3,759)**
Accumulated depreciation	(4,385)	(448,260)	(7,200)	(7,030)	-	(35,575)	(6,619)	**(509,079)**	(7,616)	(11,819)	**(19,435)**
Carrying amount	**23,576**	**285,882**	**1,889**	**9,508**	**1,093,514**	**302,049**	**7,323**	**1,723,741**	**32,087**	**28,685**	**60,772**
Opening cost	28,891	919,835	9,079	16,500	753,802	220,080	21,266	**1,970,803**	32,120	40,504	**72,624**
Opening accumulated impairment and depreciation	(4,301)	(615,286)	(7,364)	(4,108)	(268)	(31,386)	(13,579)	**(676,292)**	(11,317)	(11,614)	**(22,931)**
Opening carrying amount	**23,980**	**304,549**	**1,715**	**12,392**	**753,534**	**190,694**	**7,647**	**1,294,511**	**20,803**	**28,890**	**49,693**
Additions	-	1,760	565	47	338,738	-	-	**341,110**	11,458	-	**11,458**
Disposals	-	(635)	-	-	-	-	-	**(635)**	-	-	**-**
Depreciation expense	(145)	(21,412)	(366)	(2,931)	-	(4,543)	(369)	**(29,766)**	-	-	**-**
Amortisation expense	-	-	-	-	-	-	-	**-**	(174)	(205)	**(379)**
Change in rehabilitation obligations (Refer Note 13)	-	-	-	-	-	117,319	-	**117,319**	-	-	**-**
Transfers	-	4,108	(10)	-	(4,154)	-	57	-	-	-	-
Capitalised interest	-	-	-	-	6,035	-	-	**6,035**	-	-	**-**
Foreign currency translation	(259)	(2,488)	(15)	-	(639)	(1,421)	(12)	**(4,834)**	-	-	**-**
Carrying amount at 31 Dec 2023	**23,576**	**285,882**	**1,889**	**9,508**	**1,093,514**	**302,049**	**7,323**	**1,723,741**	**32,087**	**28,685**	**60,772**

In A$'000	Property, Plant and Equipment								Development Expenditure		
	Leasehold land	Buildings plant and equipment	Fixtures and fittings	Right of use assets	Assets under construction	Rehabilitation asset	Leasehold improvements	Total	Development expenditure	Pre-production /Stripping asset	Total
As at 31 Dec 2022											
Cost	29,141	928,118	8,290	6,547	433,612	211,668	20,581	**1,637,957**	28,173	40,504	**68,677**
Accumulated impairment losses	-	(189,819)	(394)	-	(260)	-	(7,464)	**(197,937)**	(3,755)	-	**(3,755)**
Accumulated depreciation	(4,285)	(417,043)	(6,816)	(3,078)	-	(28,579)	(6,215)	**(466,016)**	(7,187)	(9,171)	**(16,358)**
Carrying amount	**24,856**	**321,256**	**1,080**	**3,469**	**433,352**	**183,089**	**6,902**	**974,004**	**17,231**	**31,333**	**48,564**
Opening cost	28,891	918,536	8,016	5,494	204,703	200,179	20,404	**1,386,223**	26,049	39,096	**65,145**
Opening accumulated impairment and depreciation	(4,102)	(577,209)	(6,760)	(2,260)	(258)	(25,022)	(13,266)	**(628,877)**	(10,664)	(5,485)	**(16,149)**
Opening carrying amount	**24,789**	**341,327**	**1,256**	**3,234**	**204,445**	**175,157**	**7,138**	**757,346**	**15,385**	**33,611**	**48,996**
Additions	-	1,919	152	1,047	226,459	-	-	**229,577**	2,089	1,408	**3,497**
Disposals	-	-	-	-	-	-	-	**-**	-	-	**-**
Depreciation expense	(145)	(26,576)	(419)	(814)	-	(3,351)	(295)	**(31,600)**	-	-	**-**
Amortisation expense	-	-	-	-	-	-	-	**-**	(243)	(3,686)	**(3,929)**
Change in rehabilitation obligations	-	-	-	-	-	10,166	-	**10,166**	-	-	**-**
Transfers from AUC	-	4,243	83	-	(4,327)	-	1	-	-	-	-
Capitalised interest	-	-	-	-	6,496	-	-	**6,496**	-	-	**-**
Foreign currency translation	212	343	8	2	279	1,117	58	**2,019**	-	-	**-**
Carrying amount at 31 Dec 2022	**24,856**	**321,256**	**1,080**	**3,469**	**433,352**	**183,089**	**6,902**	**974,004**	**17,231**	**31,333**	**48,564**

10. Trade and other payables

In A$'000	31 December 2023	30 June 2023
Trade payables	24,790	40,821
Accrued expenses	19,386	24,650
Other payables	9,653	16,533
Total trade and other payables	**53,829**	**82,004**
Current	53,829	82,004
Non-current	-	-
Total trade and other payables	**53,829**	**82,004**

11. Interest Bearing Liabilities

In A$'000	31 December 2023	30 June 2023
Current borrowings		
JARE loan facility(1)	20,863	10,004
Total current borrowings	**20,863**	**10,004**
Non-current borrowings		
JARE loan facility	151,691	167,375
Total non-current borrowings	**151,691**	**167,375**

(1) In line with the repayment schedule below, payments of US$5m and US$10m are due on 30 June 2024 and 31 December 2024 respectively. These have been classified as current liabilities at 31 December 2023.

Reconciliation of liabilities arising from financing activities

	30 June 2023	Cash flows	Non-Cash Movements					31 December 2023
	Opening Balance	Proceeds / (Repayments)	Effective Interest	Foreign Exchange	Adjust-ment(1)	Other(2)	Reclass	Closing Balance
JARE loan facility	177,379	(2,936)	3,267	(5,156)	-	-	-	172,554
Lease liability	12,976	(2,601)	400	-	-	47	-	10,822
Total	**190,355**	**(5,537)**	**3,667**	**(5,156)**	**-**	**47**	**-**	**183,376**

	30 June 2022	Cash flows	Non-Cash Movements					31 December 2022
	Opening Balance	Proceeds / (Repayments)	Effective Interest	Foreign Exchange	Adjust-ment(1)	Other(2)	Reclass	Closing Balance
JARE loan facility	186,801	(2,933)	3,657	1,627	(756)	-	-	188,396
Lease liability	3,662	(910)	123	4	-	1,046	-	3,925
Total	**190,463**	**(3,843)**	**3,780**	**1,631**	**(756)**	**1,046**	**-**	**192,321**

(1) Adjustments to the carrying values of the JARE loan during the period relate to changes in the cash flow profile used to measure the carrying value of the loan.

(2) Other non-cash movements in the lease liability during the half year ended 31 Dec 2023 and 2022 related to finance leases recognised in line with AASB 16.

12. Financing facilities

Japan Australia Rare Earths B.V. (JARE) loan facility

An extension of the JARE loan facility was announced on 27 June 2019. As part of this extension, new terms were agreed to as detailed below.

The maturity date of the JARE loan facility is 30 June 2030. The interest rate on this facility is 2.5% p.a. at 31 December 2023 (30 June 2022: 2.5% p.a.). Conditions linking the interest rate to the NdPr sales price in the previous facility have been removed.

Interest liabilities will be paid directly to the lenders at 31 December and 30 June each year.

There are a series of fixed repayments in the facility which have replaced the "Cash Sweep" mechanism in the former facility. The details of the future fixed repayments are as follows:

Repayment date	Amount
30 June 2024	US$5m
Each half-year from 31 Dec 2024 to 31 Dec 2027	US$10m on each date
Each half-year from 30 June 2028 to 30 June 2030	US$12m on each date

Japan will have the following priority supply rights until 2038:

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 Lynas Malaysia plant, 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, to the extent possible under any agreement with the U.S.

The JARE loan facility has been secured over all of the assets of the Group, other than the Malawi and Malaysia assets.

13. Provisions and Employee benefits

In A$'000	31 December 2023	30 June 2023
Current		
Short term employee benefits	5,472	5,084
Restoration and rehabilitation (1)	57,887	37,264
Total current	**63,359**	**42,348**
Non-Current		
Long term employee benefits	1,654	1,414
Restoration and rehabilitation	221,454	133,039
Total non-current	**223,107**	**134,453**

(1) The current portion of the restoration and rehabilitation provision represents Lynas' best estimate of the present value of the outflows relating to the discharge of the rehabilitation obligation relating to residue disposal in Malaysia over the next 12 month period.

The Group's accounting policy for its restoration and rehabilitation closure provisions requires significant estimates and assumptions such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination; and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the statement of financial position by adjusting both the closure and rehabilitation asset and the provision.

During the period, Lynas has reestimated the cost to permanently store Neutralization Underflow ("NUF") residue in a Permanent Disposal Facility ("PDF"). As a result, an additional $111.9m has been included in the provision, which represents Lynas' best estimate of the present value of the rehabilitation obligation relating to NUF on site as at 31 December 2023.

14. Contingent liabilities

An amount of US$50.0m (FY22: US$50.0m) has been deposited via a bond for instalments required in accordance with the conditions underlying the granting of the Full Operating Stage Licence to the Group for the LAMP in Malaysia. Should criteria as part of this grant not continue to be met, this amount may be utilised to settle obligations. The Group has determined that the possibility of a material outflow related to these contingent liabilities is remote. Refer to Note 8 for details of bonds.

15. Contributed equity

	For the half year ended 31 December 2023		For the year ended 30 June 2023	
	Number of shares '000	**A$'000**	**Number of shares '000**	**A$'000**
Balance at the beginning of the period	**933,815**	**2,091,089**	**902,412**	**1,859,598**
Issue of shares pursuant to exercised performance rights	879	-	1,268	-
Issue of shares	-	-	30,135	231,491
Closing balance	**934,694**	**2,091,089**	**933,815**	**2,091,089**

All issued ordinary shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share. All shares rank equally with regard to the Group's residual assets in the event of a wind-up.

16. Earnings per share

Basic earnings per share amounts are calculated by dividing net loss or profit for the half year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the half year.

Diluted earnings per share adjusts the amount used in the determination of the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share from continuing operations.

The earnings and weighted average number of ordinary shares used in the calculations of basic and diluted earnings per share are as follows:

	For the half year ended 31 December	
In A$'000	**2023**	**2022**
Net earnings attributed to ordinary shareholders	39,536	150,076
Earnings used in calculating basic earnings per share	39,536	150,076
Net earnings impact of assumed conversions of diluted EPS	-	-
Earnings used in calculating diluted earnings per share	39,536	150,076
Weighted average number of ordinary shares used in calculating basic earnings per share ('000)	934,045	903,889
Weighted average number of ordinary shares used in calculating diluted earnings per share ('000)	937,799	906,297
Basic earnings per share (cents per share)	4.23	16.60
Diluted earnings per share (cents per share)	4.22	16.56

The following dilutive shares are included in the share base for the calculation of dilutive earnings per share:

	As at 31 December	
Number (000's)	**2023**	**2022**
Performance rights	3,754	2,408
Total	**3,754**	**2,408**

Employee share options and performance rights

The Group has established an employee share plan whereby, at the discretion of Directors, performance rights may be granted over the ordinary shares of the Company for the benefit of executives and certain employees of the Group. The performance rights are granted in accordance with performance guidelines established by the Nomination, Remuneration and Community Committee. Other than short term incentives, each performance right is convertible into one ordinary share of the Company during the two years following the vesting date, which is the third anniversary of the grant date. The performance rights hold no voting or dividend rights and are not transferrable.

Performance rights are granted for the benefit of Key Management Personnel ("KMP") and other selected employees to provide greater alignment to our strategic business objectives. KMP are those people who have authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Executive Director of the Group and the Executives. At period end, the Executives include the Chief Executive Officer, the Chief Financial Officer, the Group's General Counsel & Company Secretary, Vice President - Upstream, Vice President - Downstream, Vice President – Malaysia.

Movements in employee performance rights

	For the half year ended 31 December 2023		For the half year ended 31 December 2022	
	No. of performance rights ('000)	**Weighted average exercise price ($)**	**No. of performance rights ('000)**	**Weighted average exercise price ($)**
Balance at beginning of period	**3,502,515**	0.00	**3,730,556**	0.00
Granted during the period(1)	1,857,405	0.00	-	0.00
Expired during the period	-	0.00	-	0.00
Exercised during the period	(878,859)	0.00	(1,105,048)	0.00
Forfeited during the period	(726,717)	0.00	(217,425)	0.00
Balance at end of period	**3,754,344**	**0.00**	**2,408,083**	**0.00**
Exercisable at end of year	232,705	0.00	-	0.00

(1) *The grant for 257,608 Long Term Incentive performance rights to Amanda Lacaze was approved at the Company's AGM on 29 November 2022. At the date of this report, these performance rights have not yet been issued.*

During the half year ended 31 December 2023 the Group recognised a net share based payment expense of $3.2m (2022: $3.6m) within the profit and loss component of the statement of comprehensive income.

The employee performance rights outstanding at the end of the year had nil weighted average exercise price and a weighted average remaining contractual life of 594 days (FY23: 385 days). The performance rights exercised during the period had a weighted average share price on exercise date of $6.91 (FY23: $6.99).

17. Commitments

Capital commitments

In A$'000	31 December 2023	30 June 2023
Less than one year	168,381	240,207
Total	**168,381**	**240,207**

The capital commitments primarily relate to the Lynas Kalgoorlie and Mt Weld expansion projects.

18. Other items

New and revised standards and interpretations

Standards and Interpretations affecting amounts reported

The accounting policies applied by the Group in these interim unaudited consolidated financial statements are the same as those applied by the Group in the annual financial statements for the year ended 30 June 2023.

No new standards and amendments which became mandatory for the first time in the interim reporting period commencing 1 July 2023 resulted in any adjustments to the amounts recognised in the financial statements or disclosures.

The Australian Accounting Standards issued but not yet mandatory for the 31 December 2023 interim reporting period have not been adopted by the Group in the preparation of this interim financial report.

19. Subsequent events

There have been no other events subsequent to 31 December 2023 that would require accrual or disclosure in this financial report.

ABN 27 009 066 648

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