

28 February 2020

## LYNAS CORPORATION HALF YEAR 2020 RESULTS

*Solid performance in challenging conditions*

- Revenue stable despite weak market conditions:
  - Revenue: \$180.1m (H1 2019: \$179.8m)
  - NPAT: \$3.9m
  - EBIT: \$8.4m
  - EBITDA: \$44.2m
- Met NdPr demand from key customers and offset lower production volume and market prices with a higher value product mix:
- Cash flows from operating activities of \$39.1m (H1 2019: \$41.2m)
- Closing cash balance of \$111.8m (H1 2019: \$53.7m)
- Significant progress made on *Lynas 2025* initiatives to diversify industrial footprint by establishing new processing facilities in Kalgoorlie and the United States
- Achieved 461 days Lost Time Injury free at Lynas Malaysia in August 2019
- Received a “Very Satisfactory” audit result from Malaysia’s AELB, the highest performance rating available
- Malaysian operating licence renewed for three years to March 2023, as announced on 27 February 2020.

Lynas Corporation Ltd (ASX:LYC, OTC:LYSDY) today released its Financial Report for the half year ending 31 December 2019 (H1 2020).

Lynas Corporation CEO and Managing Director, Amanda Lacaze, commented: “This is a solid result given the difficult regulatory and market conditions we faced during the period. Improved portfolio pricing and reduced costs helped to compensate for the weak market pricing. Despite this, the team continued to meet the strong demand for NdPr from our key customers, particularly in Japan.

“At the same time, we made significant progress on the Lynas 2025 plan which will see the diversification of our industrial footprint. On 9 December 2019 we announced that Lynas has signed an option on a site in Kalgoorlie for the new West Australian

processing plant. The project was subsequently awarded Lead Agency status by the Government of Western Australia and Major Project status by the Australian Government, both of which recognise its strategic significance to the Australian and Western Australian economies. During the period we also submitted a compliant tender to the U.S. Department of Defence for a Heavy Rare Earths separation plant in the United States.

“The regulatory environment in Malaysia was particularly challenging, however, we were pleased to announce on 27 February 2020 the renewal of our Malaysian operating licence for three years to March 2023. This follows Lynas Malaysia satisfying the licence renewal conditions announced on 16 August 2019, and the AELB’s pre-renewal audit which resulted in Lynas Malaysia receiving a “Very Satisfactory” rating on 26 November 2019, the highest rating available, for the third consecutive audit,” Ms Lacaze said.

### **Production and Efficiency Improvements Continue**

A number of initiatives were implemented successfully in the half year period to improve efficiencies across our operations. These included the management of the ore from Mining Campaign 3, new circuit and treatment controls at Mt Weld and improvements to cracking and leaching in Kuantan. In addition to this, Lynas NEXT initiatives contributed to improved recovery particularly toward the end of the period and it is expected that these improvements will be sustained. Lynas Malaysia did not receive the uplift in the annual (calendar year) regulatory limit on our lanthanide concentrate processing volume and as a result, production was managed at reduced rates. Lynas Malaysia utilised this time to invest in various circuit upgrades to further improve product quality.

NdPr production was 2,512 tonnes and total REO was 7,518 for the half year ended 31 December 2019. Sales revenue for the period was consistent with HY19 at \$180.1m, as a result of continued strong customer demand and product quality improvements which further increased the average selling price for our Lanthanum and Cerium products.

### **Sustained Financial Position**

A strong financial operating position was maintained despite a decrease in sales volume and total rare earth oxide production volume. During the half year, a final deposit of \$11.6m was made with the AELB, in Malaysia, as part of the security bond. Additional costs during the period related to plant and equipment expenditure for Mining Campaign

3. These outflows were offset by interest received of \$1.5m. Net financing cash inflows increased by the \$11.6m received through the exercise of warrants during the half year.

During the half year period ending 31 December 2019 there were also significant extraordinary costs incurred in relation to the Wesfarmers defence and ongoing costs associated with defending the Company against anti-Lynas activists in Malaysia.

Depreciation expenses have increased to reflect the accelerated depreciation associated with the closure of the Malaysian Cracking and Leaching plant within 4 years from the renewal of the licence in September 2019. The effect of this change was \$5.9m for the half year ended 31 December 2019 and has been included in cost of goods sold.

### **Malaysian Regulatory Environment**

As announced on 27 February 2020, the Malaysian Atomic Energy Licensing Board has renewed our Malaysian operating licence for three years expiring in March 2023, subject to the following key conditions:

1. Lynas to begin the process of developing the Permanent Disposal Facility (PDF) within the first year from the date of approval of the licence.
2. Lynas must submit a work development plan for the construction of the PDF and report on its development status as determined by the Malaysian Atomic Energy Licensing Board (AELB).
3. Lynas must ensure that the Cracking and Leaching plant outside Malaysia is in operation before July 2023. After that period, Lynas will no longer be allowed to import raw materials containing Naturally Occurring Radioactive Material (NORM) into Malaysia.
4. Holding of the financial deposit will be maintained for compliance with the relevant licence conditions.

We are continuing to engage productively with our local stakeholders and communities, and during the period invited over 500 visitors to the plant in Malaysia. The visitors included members of the Institute of Engineers Malaysia, Pahang Institute of Chemistry, IAEA Postgraduates in Radiation Protection and Safety, Royal Military College Alumni and Roskill Conference participants.



As recently as 23 February 2020, we welcomed over 2000 visitors at an Open Day at our plant. In addition to the visits, we have also commenced a new communications programme in major Malaysian media to support the availability of factually correct information and the wider community's understanding of our operations.

### **Outlook**

"We are pleased to receive a three year renewal of our Malaysian operating licence. We have worked hard to develop our assets at Mt Weld and Kuantan. Both plants now operate safely, reliably and efficiently, providing an excellent foundation for our Lynas 2025 growth plans," commented Amanda Lacaze.

### **About Lynas Corporation**

Lynas Corporation Ltd (ASX: LYC) is a proven and profitable producer of specialty Rare Earth materials. Rare Earths are an essential input to global manufacturing supply chains, including digital age technologies and green technologies such as electric vehicles and offshore wind turbines.

Purpose-designed as an environmentally-responsible producer, Lynas operates one of the world's highest grade Rare Earth mines in Mt Weld, Western Australia, and the world's largest, most advanced Rare Earths chemical processing plant in Gebeng, Malaysia. Since commencing production in 2012, Lynas has grown to become the world's second largest Rare Earths producer and its materials are essential to manufacturing supply chains. Lynas' materials are sold with a certificate of origin and its NdPr is traceable from its mine to magnet production.

For more information visit: [lynascorp.com](http://lynascorp.com)

**If you have any queries in relation to this announcement, please contact Jennifer Parker or Lauren Stutchbury, our communications consultants at Cannings Strategic Communications on +61 2 8284 9990.**

Andrew Arnold  
Company Secretary