

Lynas AGM 2015

Chairman's address

Ladies and gentlemen, on behalf of the board, I would like to welcome all Lynas shareholders to today's AGM.

As you will be aware, I joined Lynas on the 1st of January this year as a Non-Executive Director and Chairman, subject to my election today.

Since becoming Chairman, a number of people have asked me why I decided to join Lynas. The company has been through some difficult times and there were still some considerable challenges ahead. I want to take this opportunity today to share with you what I found during my due diligence, what I saw the challenges facing the company to be, and where we stand today.

As I had not been involved with any of the history of Lynas, my job was to look forward rather than look to the past, and determine what needed to be addressed.

In my view, the immediate challenges we faced at the beginning of this year were:

- Lack of production and stability at the LAMP – but something fixable with time
- Depressed cash flows from low production
- Need to refinance the debt
- Need to reduce costs
- Loss of confidence in our business from some stakeholders
- Weakening rare earth prices
- Desire to refresh the board

I have not listed safety, but it goes to the top of our list as a key operating necessity at all times.

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My confidence to join Lynas came from the fact that we have a world-class resource at Mt Weld. I saw a very committed and capable executive and management team, led by Amanda, entirely focussed on solving the immediate challenges facing Lynas.

We are not out of the woods yet by any means, but over the last eleven months the board has seen considerable improvement in all of these areas, which is a credit to Amanda's leadership and to the dedication of her workforce.

The pricing of rare earths is the exception, and has significantly affected our cash flows. I am pleased to say that Lynas has responded prudently and sensibly, considering many initiatives. Amanda will speak to this more in her address.

This year the board visited Mt Weld, the LAMP facilities, and held regular board meetings to discuss performance. I speak with Amanda every week and we are working as one committed team, towards a collective goal. The board is provided with weekly formal updates on all-important aspects of the business, and are well aware of where we stand on all major issues.

A main lasting impression this year was the visit I made to JARE in Japan, and with the bondholders here in Australia as well as in Hong Kong. As you are aware, the financial commitments Lynas made to both JARE and the Mt Kellett led group of debt providers were due to mature very soon, which would have presented a significant problem.

Refinancing debt was fundamental to our future as a company. Our Executive Team along with JARE and the Mt Kellett group have put in an incredible amount of effort to achieve an excellent outcome. This resulted in the refinancing packages announced to the market in August.

I would like to take this opportunity to thank all involved, especially JARE and the Mt Kellett group for their support. I look forward to continuing our excellent partnership into the future.

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Now to the other issues.

Production

As for production, as I said earlier, Mt Weld is a world-class resource, with a working life of more than 25 years. It is a highly strategic and valuable asset, which provides a secure, long-term future for Lynas.

In my experience as someone who has been involved with operations, production and projects for many years, the LAMP was always going to take time to reach plateau production, and consistencies in output and yield.

Kam Leung, Lynas' VP of Production, and his team have done an outstanding job in this area. In FY14/15 we saw full year production of 8,799 tonnes of REO, including 2,258 of NdPr. Although this is a solid result, we know there is room for improvement, and Kam and his team are working on it.

Costs

Operating costs have been reduced and the resulting cash flows from production mean that we can fulfil our commitments.

2015 has been a landmark year for Lynas, we have:

- Increased production
- Reduced our cost base
- Refinanced the debt
- Refreshed the board

These achievements have built confidence with our stakeholders and are vital to the company's long-term success.

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I would like to thank our Chief Executive Officer, Amanda, her Executive Team, and importantly, all of the Lynas employees and contractors who have worked exceptionally hard this year to deliver the results. And again, thanks to our strategic lenders for their support.

And finally and very importantly, I would also like to thank all shareholders, especially those who have remained with us through some tough times.

As I've said, although we are not out of the woods yet, your board is confident that Lynas is now well positioned for the future.

Thank you

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