AUSTRALIAN SHAREHOLDERS' ASSOCIATION

Record $978m revenue, $222m profit; CEO Lacaze retires

Company/ASX Code	**Lynas Rare Earths Ltd / LYC**
AGM time and date	**10.00am AEDT Wednesday, 25 November 2026**
Location	The Mint at 10 Macquarie Street, Sydney, NSW
Registry	Boardroom
Type of meeting	Hybrid with live webcast, voting and questions via the Lumi platform. https://meetings.300.lumiconnect.com/r/participant/live-meeting/300-089-284-397
Monitor	Ros Ferguson and Len Roy
Pre-AGM Meeting	Zoom meeting with Chair Prof J Humphrey, NED Dr V Guthrie, VP Corporate Affairs J Parker, Company Secretary S Leonard

Monitor Shareholding: The individual(s) (or their associates) involved in the preparation of this voting intention report have a shareholding in this company.

1. How we intend to vote

No.	Resolution description	
1	Remuneration Report	For
2	Re-election of John Humphrey as a Director	For
3	Re-election of John Beevers as a Director	For
4	Approval of the Lynas Performance Rights Plan	For

2. Summary of Issues and Voting Intentions for AGM

- CEO succession: Amanda Lacaze retired as Managing Director and CEO effective 30 June 2026 after 12 years; Pol Le Roux is Interim CEO while the Board runs a global search.
- Project cost escalation: the Lynas Malaysia heavy rare earths (HRE) expansion project's estimated cost rose from ~$180 million to ~$294 million.
- Shareholder dilution: the $932 million equity raise (institutional placement plus retail SPP) funding the Towards 2030 strategy diluted existing shareholders.
- Safety trend: TRIFR increased to 4.1 per million hours worked (FY25: 3.6) even as LTIFR improved.

- If the rights resolution fails, rights count towards the 15% placement capacity; it does not block grants of performance rights.

3. Matters Considered

Overview

Lynas Rare Earths is the world's only commercial producer of separated light and heavy rare earth oxides outside China. It mines the Mt Weld deposit in Western Australia processes concentrate at Kalgoorlie and Kuantan (Malaysia) and finishes products in Malaysia under a licence renewed for ten years.

FY26 production was 13,089 tons of rare earth oxide (7,260 tons NdPr), with 12,122 tons sold. Towards 2030 targets more resource, heavy rare earth capacity and metal and magnet partnerships.

Financial results

- **Revenue** rose 76% to $977.9M, driven by a 59% higher average price (A$80.7/kg) and 11% higher volume (12,122t).
- **Gross profit** rose 202% to $392.4M, while cost of sales rose 37% to $585.5M on new-facility fixed costs, ramp-up and higher non-China input costs. EBITDA was $386.0M (FY25: $101.2M).
- **NPAT** was $222.4M (FY25: $8.0M) and basic EPS 22.15c (FY25: 0.85c). Tax was $33.7M on $256.1M pre-tax profit, an effective rate of about 13%.
- **Cash and short-term deposits** reached $1,209.1M (FY25: $166.5M) after a net $914.3M equity raising ($750M placement plus ~$182M Share Purchase Plan), which lifted shares on issue 7.6% to 1,006.5M.
- **Operating cash inflow** was $318.8M (FY25: $104.2M). Investing outflows were $846.7M, including $707.6M placed in short-term deposits and $178.3M of capex.
- **Net assets** rose 48% to $3,490.4M, and net tangible assets per share to 346.8c. JARE debt fell to $119.7M (US$90M principal).
- **No dividend** was declared or paid.

Financial performance

(As at FYE)	2026	2025	2024	2023	2022
NPAT ($m)	222.4	8.0	84.5	310.7	540.8
EBIT ($m)	247.35	6.19	75.23	315.50	540.6
Share price ($)	18.06	8.61	5.93	6.85	8.73
Dividend (cents)	0	0	0	0	0
Simple TSR (%)	+109.8%	+45.2%	–13.4%	–21.5%	+53.0%
EPS (cents)	22.15	0.85	9.04	34.05	59.95
CEO total remuneration, statutory ($m)	7.79	3.18	3.48	3.67	5.61

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking) by the share price at the start of the year.

Governance and culture

- **Independence:** The Chair is independent and separate from the CEO. The Notice records Humphrey and Beevers as independent, and the Audit, Risk & ESG Committee was fully independent.
- **Committees:** Audit, Risk & ESG is chaired by Kathleen Bozanic from 1 March 2026. HSE is chaired by Etienne. Nomination, Remuneration & Community has an independent chair, Guthrie.
- **Attendance:** All directors attended every Board meeting except Murdoch (7 of 8).
- **Tenure:** Etienne (2015), Humphrey, and Murdoch (2017) have each served nine or more years. Murdoch retired at the conclusion of the AGM.
- **Minimum Shareholding Policy:** NEDs hold 100% of base fees, the CEO 100% of fixed pay and other KMP 50%, to be met by 30 June 2030. All comply except new director Bozanic.
- **NED fees:** Fixed and not performance based. The $2.2M pool dates from 2022, and fees were last reviewed in July 2022.
- **Risk:** Lynas uses a three-lines model, but the report admits climate risks are “not yet integrated” into the framework.
- **Disclosure:** The Corporate Governance Statement and skills matrix are on the website, not in the report.
- **Culture:** The 2026 staff survey was deferred due to the CEO transition. A behaviour consequence matrix was rolled out.
- **Share sales:** Several executives sold large parcels (Sturzenegger, Le Roux, Lacaze).

Key events

- **Capital raising:** Towards 2030 was announced in August 2025 alongside a $750M placement. The SPP was upsized from a $75M target to ~$182M.
- **Malaysian license:** Renewed for 10 years from 3 March 2026. Lynas must stop producing WLP residue above 1 Bq/g after 2 March 2031, with modification to start by March 2028. Research and planning are underway to meet these requirements.
- **JARE agreement:** A 12-year deal (10 March 2026) gives firm offtake of 5,000tpa NdPr at a US$110/kg floor.
- **US Government:** A binding LOI covers ~US$96M of supply over four years. The planned Texas heavy rare earths facility will not proceed.
- **Heavy rare earths expansion:** Cost rose from ~A$180M to ~A$294M. First samarium oxide was produced in March 2026.
- **Mt Weld expansion:** Completed, but the new fine grinding mill slipped to FY27. Water-recycling plant issues and ore variation hurt June-quarter output, and Kalgoorlie had power disruptions. Kalgoorlie has now introduced sufficient backup power to avoid future power disruptions.
- **Missed milestone:** The >10.5ktpa production-capacity LTI target was not achieved.
- **Partnerships:** JS Link (about A$50M equity, 3,000tpa magnet plant) and LS Eco Energy (~A$29M cross-subscribed 0% convertibles, July 2026).
- **Safety:** LTIFR improved to 0.9, but TRIFR worsened to 4.1. No fatalities were disclosed.
- **Other disclosures:** Impairment was only $1.7M. No cyber incidents were disclosed, and litigation outflows are assessed as remote.
- **Debt:** JARE repayments run from 31 December 2026 to 30 June 2030, and the report flags going-concern risk if refinancing fails.
- **Proposed acquisition of Meteoric Resources:** Lynas announced it has entered into a binding Scheme Implementation Deed under which it is proposed that Lynas will acquire 100% of the shares in Meteoric Resources. Meteoric's Caldeira project in Brazil is the largest known ionic clay JORC rare earth oxide ("REO") mineral resource outside China, containing both light and heavy rare earth elements.

Key board or senior management changes

- **Lacaze retirement:** Announced 13 January 2026; retired 30 June. Consultant until 30 September 2026; $772,294 ex gratia payment.
- **Interim CEO:** Pol Le Roux, formerly COO, from 1 July 2026. A global search is under way.
- **New director:** Kathleen Bozanic appointed 17 October 2025; Audit, Risk & ESG chair from 1 March 2026, replacing Grant Murdoch, who remains a member.
- **Outside roles:** Dr Guthrie became Chair of IGO (1 January 2026) and a Cleanaway director (1 February 2026). Mr Etienne retired as Cleanaway chair on 30 June 2026.
- **Re-elections:** Humphrey and Beevers stand for re-election. There were no other KMP changes.

Sustainability/ESG

- **First mandatory AASB S2 climate report:** Uses transition relief (no comparatives or Scope 3).
- **Emissions:** Scope 1 was 96,790t and Scope 2 (location-based) 77,421t, totaling 174,211 tCO2-e. FY24 was about 111,638t, so emissions are rising with the ramp-up.
- **Renewables:** The 65MW Mt Weld hybrid plant delivered 93% renewable electricity in 2H FY26 against a 70% target, saving 870,000 litres of diesel in Q3.
- **Targets:** Net-zero 2050 is an ambition with no interim targets yet. Climate risks are not integrated into the risk framework, and no financial effects are quantified. The Climate Transition Plan is to be released in FY27 as will be the GHG emissions reduction targets.
- **Renewables hurdle:** The 70% hurdle was comfortably exceeded and is reused in STI and LTI pay.
- **Spend and water:** Renewable capex was only $12.4M, with the rest a $143.8M right-of-use asset. The 90% tailings-water recycling is demonstrated but still ramping.
- **Sustainability Report 2026:** The report was published in October 2026.

ASA focus issues

1: Link Between Executive Pay and Long-Term Performance

- **Performance hurdles:** LTI hurdles are clear: relative TSR against ASX50–150 (50%), revenue resilience (40%) and sustainability (10%). STI financial targets (EBITDA, NdPr costs) are “commercial in confidence”.
- **Weak hurdles:** The renewable target is already exceeded. ASA’s preferred TSR scale is also stricter than the plan’s.
- **Benchmarking:** Pay is described as “competitive” and external advisers are used, however no consultant or peer group is named.
- **Three-year alignment:** The 2023 LTI vested at 60%, with a three-year TSR of 147.7%. The report cites both “94th percentile of ASX50–150” and “90th percentile of ASX200”.
- **STI:** Paid 70% of fixed pay, but EBITDA beat the maximum while NdPr costs missed the threshold. Health and safety still earned points despite the missed TRIFR threshold.
- **Board discretion:** Cash replaced deferred STI equity, a $772,294 ex gratia payment was made, and good-leaver treatment kept 845,064 rights on foot.
- **Valuation:** Number of rights uses a 5-day VWAP.
- **Instruments:** Performance rights at nil exercise price, not options.

ASA Focus Area Assessment: Partially Meets

2: Disclosure of Individual Directors' Skills, Experience, Tenure and Independence

- **Biographies:** Full biographies, qualifications, other directorships, appointment dates, committee roles and shareholdings are given for every director.
- **Independence:** The Notice states it for Humphrey and Beevers, and the Audit committee is fully independent. No per-director assessment, or tenure-based explanation, is in the report.
- **Skills matrix:** Self-assessed, approved annually and published only in the Corporate Governance Statement.
- **Skills fit:** Humphrey: M&A, corporate finance, law. Beevers and Etienne: operations, mining services and chemicals. Guthrie: geology and ESG. Murdoch and Bozanic: finance and audit.
- **Gaps:** No explicit magnet or downstream, China-market, Malaysia-based, or cyber and AI expertise is disclosed.
- **Tenure** as of November 2026: Etienne about 11.9 years, Humphrey 9.5, Murdoch 9.1, Guthrie 6.1, Beevers 3.5, Bozanic 1.1.
- **Diversity:** Two of six directors are women (33%).

ASA Focus Area Assessment: Partially Meets

3: Hybrid AGM — Real-Time Voting and Questions

- The meeting is hybrid: in person at The Mint, 10 Macquarie Street, Sydney, and online via Lumi.
- Shareholders can attend, vote and ask questions online using their Voting Access Code and postcode.
- Proxies close at 10:00am AEDT on 23 November, and the entitlement date is 7:00pm AEDT on 23 November.
- There is “reasonable opportunity” to ask questions, and the auditor will attend.
- No pre-submission deadline is stated.

ASA Focus Area Assessment: Meets

4: Board Oversight of AI and Cybersecurity

- **Disclosure:** Risk 4.4 lists cyber threats (malware, unauthorised access, supplier attacks, geopolitical attacks). It also lists AI misuse (reputational and IP risk) and failure to adopt digital technology.
- **Oversight:** The Audit, Risk & ESG Committee oversees material risks through the three-lines framework, with external experts engaged in FY26.
- **Missing:** No evidence of cyber or AI as a standing agenda item, Board briefings, exercises or testing, or a named executive owner. No AI policy or risk appetite is disclosed. Plant control (operational technology) risk is not mentioned, and no technology skills are disclosed for directors.
- **Incidents:** None were reported.

ASA Focus Area Assessment: Partially Meets

4. Rationale for Voting Intentions

Resolution 1: Remuneration Report - For

Summary

- The report covers FY26 and was audited.
- Statutory CEO pay was $7.79M (FY25: $3.18M), including a $772,294 ex gratia payment and share-based expense accelerated on Ms Lacaze's retirement.
- The FY26 STI paid 70% of fixed pay: EBITDA beat the maximum, NdPr operating costs fell below threshold, and non-financial measures were assessed at target.
- The 2023 LTI vested at 60%, on relative TSR of 147.7% and the sustainability target. The production-capacity target was missed.
- There were no structural changes to pay. NED fees have not been reviewed since July 2022.

Alignment with ASX Corporate Governance Principles

- The Remuneration Committee has an independent chair and only non-executive members. NED pay is fixed, a minimum shareholding policy applies, and clawback exists.
- Weaker points: STI targets stay undisclosed even retrospectively; no remuneration consultant or peer group is named; the Board substituted cash for deferred STI equity and paid an ex gratia sum; a safety award was made despite a missed TRIFR threshold, and retiring-CEO rights remain on foot after consultancy ends.

Does the outcome reflect value delivered?

- The pay increase sits against NPAT up from $8.0M to $222.4M, the share price up 110%, and market capitalisation up $10.1B. Three-year relative TSR was in the top decile.
- Disclosure falls short of ASA preferences on target transparency, take-home pay, and a 4-year, higher-percentile TSR hurdle.
- The $7.79M statutory figure includes $772k of discretionary payment.

Voting recommendation: For, with concerns recorded about undisclosed STI targets, discretionary payments and the weak renewable-energy hurdle.

Resolution 2: Re-election of John Humphrey as a Director - For

Bio and history: Prof. Humphrey joined as a Non-Executive Director on 15 May 2017 and became Chair on 29 November 2023. He is a senior consultant to Mallesons, former QUT Law Dean and former Takeovers Panel member. He has chaired Spotless, Auswide Bank, Horizon Oil and Villa World, and chairs Titles Queensland. He sits on the Remuneration and Audit committees, holds 72,265 shares, and attended all meetings.

ASX Principles: He is independent and separate from the CEO (Rec 2.5), with a single non-listed chair role. His shareholding (about $1.35M) far exceeds the policy requirement.

Value to the board: His M&A, corporate finance and governance skills suit the JS Link and LS Eco deals and the CEO appointment, and continuity of the Chair during succession has value. Against that, he brings no operational or commercial rare-earths depth.

Voting recommendation: For

Resolution 3: Re-election of John Beevers as a Director – For

Bio and history: Mr Beevers joined on 1 May 2023. He has over 30 years in resources, mining services and chemicals, including CEO of Orica Mining Services and MD/CEO of GroundProbe, and is a director of Orica and Syrah Resources. He sits on the Remuneration and HSE committees, holds 30,052 shares, and attended every Board and committee meeting.

ASX Principles: The Notice records him as independent, with no relationships to other directors. He has two other listed boards, and his shareholding (about $0.56M) exceeds the base-fee requirement.

Value to the board: His operations and chemical-process experience is directly relevant to the Mt Weld, Kalgoorlie and Malaysian ramp-ups, and HSE committee membership matters given TRIFR rose to 4.1. He adds no sales, downstream or magnet expertise.

Voting recommendation: For

Resolution 4: Approval of the Lynas Performance Rights Plan - For

Summary

- Approval is sought under ASX Listing Rule 7.2 (Exception 13(b)) for up to 50,325,128 rights over three years, about 5% of shares on issue.
- Only 3,423,407 rights have been issued since the 2023 approval, and 2,943,238 remain on issue.
- Rights carry nil exercise price and may be settled in shares or cash at the Board's election.
- Eligible participants include directors, employees, consultants and their nominees. Grants to directors still need separate Listing Rule 10.14 approval.
- If the resolution fails, rights count towards the 15% placement capacity; it does not block rights issues.

Alignment with ASX Principles

- A 3-year renewal is standard practice, and the resolution is properly disclosed. Clawback and lapse provisions are positives.
- Concerns: the ceiling is roughly 15 times past usage; the Board has "absolute and unfettered" discretion, including waiving vesting conditions and amending terms retrospectively; unvested rights vest automatically on a change of control unless the Board decides otherwise; and rights stay on foot for non-cause leavers.

Does it add value?

- A workable incentive plan helps retain staff in a competitive market, and the STI/LTI now reaches more than 50 senior employees. The headroom also preserves share-issue flexibility.
- Dilution risk is modest on past usage but open-ended at the ceiling, and details on use of discretion are thin.

Voting recommendation: For

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Appendix 1
Remuneration framework detail

CEO remuneration Framework for FY2026	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	1.54	28.5%	1.54	26.6%
STI - Cash	0.77	14.3%	0.97	16.7%
STI - Equity	0.77	14.3%	0.97	16.7%
LTI	2.32	42.9%	2.32	40.0%
Total	5.41	100%	5.79	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration. It is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration frameworks set a maximum opportunity amount, but not all.