



6 January 2014

OPERATIONS UPDATE

Lynas Corporation (ASX:LYC, OTC:LYSDY) provides the following update regarding the Lynas Advanced Material Plant (LAMP) in Malaysia.

Commercial production and sales of REO products increased during the December quarter, reflecting the progressive completion of the previously announced work programs in the cracking and leaching units of the LAMP. Total "ready for sale" production during the quarter was 741 tonnes, on an REO equivalent basis, approximately three times the production of 253 tonnes in the September quarter. An additional 35 tonnes of production is awaiting classification as "ready for sale" production.

A total of 409 tonnes of rare earth product was shipped to customers during the quarter, 87% higher than in the previous quarter. In addition, most of the Cerium and Lanthanum borrowed in 2012 for the pre-seeding of the LAMP was produced and returned by the end of the quarter.

Despite significant rainfall in early December causing flooding which restricted access in and around the Kuantan city area, the Gebeng Industrial Estate, in which the LAMP is situated, was not directly affected by flooding. Notwithstanding the disruption to transport and infrastructure services in the region, LAMP production in December confirmed the improving trend evidenced in November.

For the month, production classified as ready for sale by 31 December was 354 tonnes REO equivalent, with an additional 35 tonnes of production pending classification as ready for sale. Sales to customers were 270 tonnes REO equivalent.

Lynas received the relevant administrative approvals for the Phase 2 LAMP assets in late November, allowing these assets to be operated. At present, the Company has started using some Phase 2 downstream assets, such as product finishing units and tunnel furnaces, to optimise its customer product range. However, a decision to use the additional capacity of 11,000 tonnes per annum will be determined by various factors, primarily market conditions.

Also in December, a Lynas Malaysia employee suffered a fatal heart attack while on site. The Company expresses its deepest sympathies to the family.

More detailed information will be provided in the Company's December 2013 Quarterly Activities report, which is expected to be released on 31 January 2014.

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