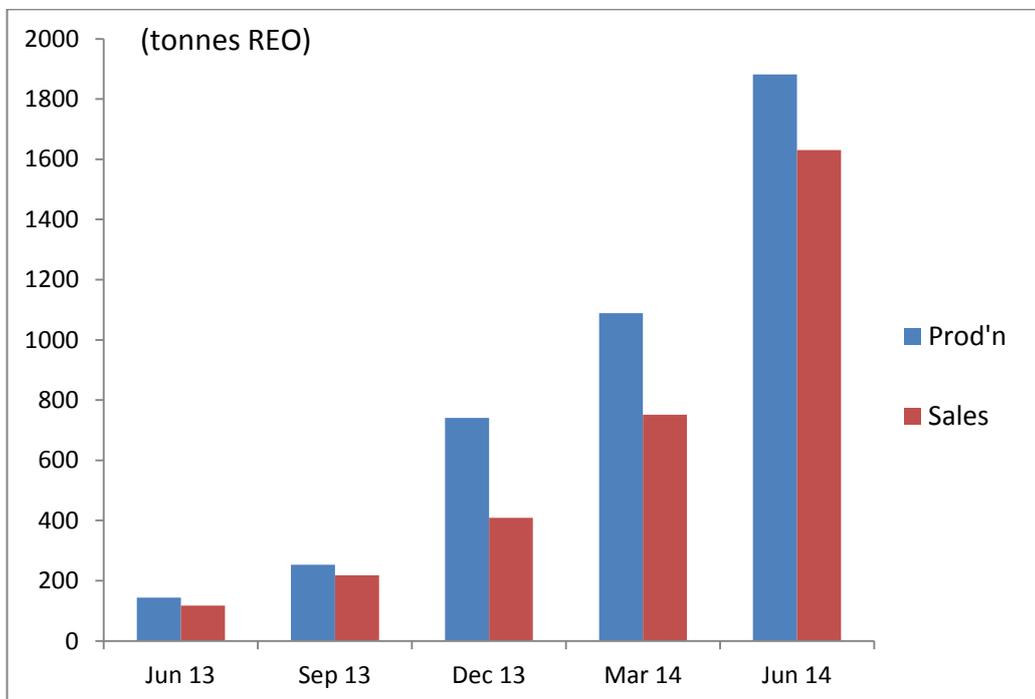


QUARTERLY REPORT FOR THE PERIOD ENDING 30 JUNE 2014

HIGHLIGHTS

- Fourth successive quarter of increased production and sales volumes
- Fourth quarter production and sales represent 47.5% and 54.2%, respectively, of FY2014 annual totals
- All documents required for the application for a Full Operating Stage Licence (FOSL) have been submitted to the Malaysian Atomic Energy Licencing Board (AELB)
- Company simplification plan announced 2 July

Four Successive Quarter-on-Quarter Increases in Production and Sales Volumes



SAFETY AND ENVIRONMENT

COMPANY PERFORMANCE

The Company-wide 12-month rolling Lost Time Injury Frequency Rate as at the end of June 2014 was 1.5 per million hours worked.

The Company sustained three lost time injuries in Malaysia and none in Western Australia during the June 2014 quarter.

There were no environmental incidents.

MT WELD TAILINGS STORAGE FACILITY EXPANSION

During the quarter, the Company continued discussions with regulators and vendors for the planned expansion of the tailings storage facility at Mt Weld. Since the end of the quarter, Department of Mines & Petroleum approval has been granted. Discussions continue with the Department of Environment Regulation.

FULL OPERATING STAGE LICENCE

All of the documents required for the application for a Full Operating Stage Licence (FOSL) for the Lynas Advanced Materials Plant (LAMP) in Malaysia have been submitted to the AELB and the AELB is currently reviewing the documentation. Lynas has also made an e-application for a FOSL as well as submitted a letter of intent to that effect.

Assessment for the FOSL includes the Company's history of compliance with the current Temporary Operating Licence (TOL). Lynas has complied with all regulatory requirements and all conditions of the TOL since it was issued by the AELB in September 2012.

SYNTHETIC MINERAL PRODUCTS PROGRAM

Lynas' commitment to environmental management includes minimising storage of solid residues from the LAMP. The Company's programme to commercialise its solid residues in the form of synthetic mineral products with potential applications ranging from roadbase and construction materials to fertiliser additives continues to progress.

Road base material developed from water leach purification product (WLP) has been certified by the AELB as non-radioactive material, and the Company is preparing to seek Malaysian Department of Environment approval for construction of a demonstration and assessment road using this material.

The Company has gained approval from a customer and is preparing to make the first commercial trial export of neutralisation underflow product (NUF). Negotiations are ongoing for further commercial shipments. Lynas has also finalised the specifications for three granulated products for use in broad-acre trials.

CHANGES TO MANAGEMENT AND COMPANY STRUCTURE

During the quarter, Lynas announced several changes to its executive management and Company structure. On 5 June, the Company announced the appointment of Amanda Lacaze as Managing Director and Chief Executive Officer of Lynas Corporation following the resignation of Eric Noyrez as CEO. Mr Noyrez resigned as a Director of the Company on 25 June.

As announced on 2 July 2014, the Company is implementing an operational improvement plan involving a number of initiatives to improve organisational efficiency and reduce overall costs. Management personnel and resources will be co-located with production and sales facilities in Western Australia and Malaysia. When complete, it is expected this will deliver a reduction of about 50% in corporate overhead costs.

Other initiatives to reduce costs include reducing workforce numbers (mostly by reducing contractor positions), improving asset utilisation, renegotiating supplier contracts and seeking improvement in procurement practices.

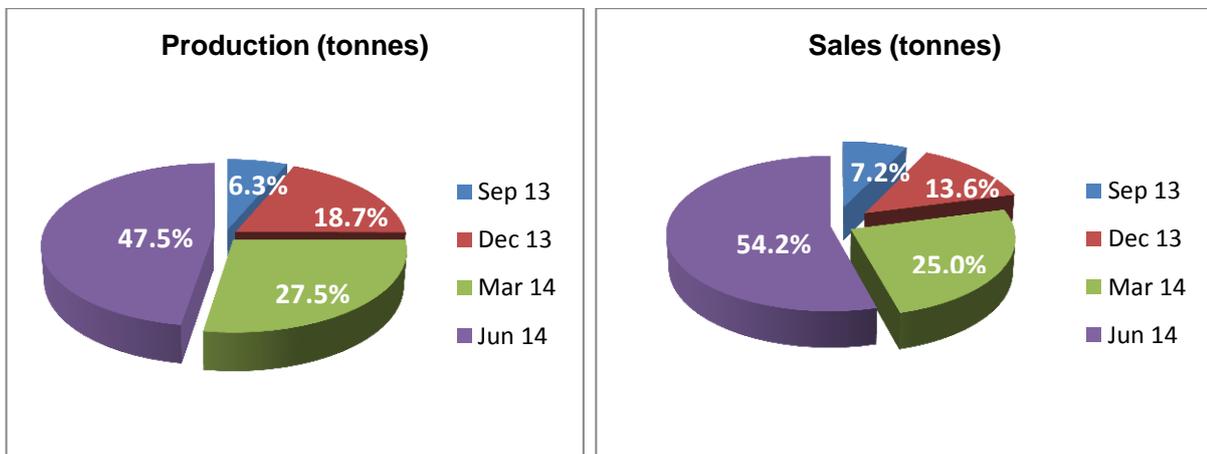
OPERATIONS

LAMP OPERATIONS

During the June 2014 quarter, Lynas increased REO production and sales for a fourth successive quarter. Total tonnes produced for the quarter were 1,882 tonnes, on an REO equivalent basis, a 73% increase on the prior quarter. Total tonnes shipped were 1,630 tonnes, on an REO equivalent basis, up 117% on the prior quarter.

Production for the 12 months to June 2014 was 3,965 tonnes, while shipments during the year totalled 3,008 tonnes. Production and sales have accelerated through four successive quarters. June quarter production represented 47.5% of FY2014 production, while June quarter shipment volume represented 54.2% of the full year total.

47.5% of Production and 54% of Sales Volume achieved in June 2014 Quarter



The average selling price during the June 2014 quarter was US\$18.25/kg REO (revenue basis). The decline in the average selling price reflects a higher proportion of cerium sales in the mix compared with the prior quarter.

Ramp up of production at the LAMP continues. Each of the major stages of the Phase 1 plant – Cracking & Leaching, Solvent Extraction and Product Finishing – has individually been operated at target capacity during the June 2014 quarter. The Phase 2 Cracking & Leaching and Product Finishing assets have been successfully commissioned, and it is intended to begin commissioning the Phase 2 Solvent Extraction assets in coming months.

The focus of LAMP operations is on delivering the optimal balance of volume, finished product quality and REO yield – the volume of Rare Earths recovered through our process from mining to finished product.

WESTERN AUSTRALIA OPERATIONS

The Concentration Plant performed in line with expectations during the quarter. Until concentrate stocks run down, the Plant will continue to operate on a campaign basis, synchronised to demand from the LAMP.

At the end of June, 10,828 dry tonnes of concentrate containing 4,144 tonnes REO were bagged ready for export. Concentrate stocks reduced by 26% compared to end of March 2014.

CORPORATE

ANNUAL GENERAL MEETING

The 2014 Annual General Meeting of Lynas shareholders will be held at 10am (Sydney time) on Friday 28 November 2014 at the Sofitel Wentworth Hotel, 61-101 Phillip Street, Sydney.

A notice of meeting will be issued closer to that date.

COMPANY SECRETARY

Sally McDonald has resigned as a Company Secretary of Lynas Corporation Limited with effect from 31 July 2014.

FINANCE

CASH POSITION

A summarised cash flow for the quarter ended 30 June 2014 is set out below.

CASH FLOW	A\$M
OPENING CASH BALANCE 1 APRIL 2014	23.4
INFLOWS	
Cash Receipts from the sale of goods	26.5
Interest income	0.1
Proceeds from the issue of share capital	42.1
Proceeds from sale of property, plant and equipment	0.1
Proceeds from sale of equity investment	2.0
TOTAL INFLOW OF FUNDS IN THE QUARTER	70.8
OUTFLOWS	
Malaysian Advanced Materials Plant – Phase 2	(0.4)
Other capital expenditure	(0.9)
Interest expense and other costs of finance	(2.4)
Ongoing operational, production and administration costs	(49.5)
Payment of transaction costs - Issue of shares	(2.1)
Royalty costs	(0.7)
TOTAL OUTFLOW OF FUNDS IN THE QUARTER	(56.0)
Net exchange rate adjustment	(0.1)
CLOSING CASH BALANCE 30 JUNE 2014	38.1
Summary of Cash Balance	
Cash on Hand and at Call	33.3
Funds for Sojitz interest (Restricted Cash)	4.8
CLOSING CASH BALANCE 30 JUNE 2014	38.1

The Company continued to focus on cash management during the quarter, deferring discretionary expenditure and reducing net cash outflow.

During the quarter the Company completed an equity raising resulting in net proceeds after transaction costs of approximately \$40m.

Total cash at 30 June 2014 of A\$38.1m was represented by unrestricted cash of A\$33.3m plus restricted cash of A\$4.8m (which is used to fund the semi-annual interest payable under the Sojitz facility which is next due in September 2014).

During the quarter the Company achieved receipts from sales of A\$26.5m compared with A\$21.9m in the March 2014 quarter. This reflects increased shipments of REO products resulting from the substantial increase in production in the current quarter.

FOREX

The currency composition of the Group's cash at 30 June 2014 was A\$28.4m, US\$7.4m and MYR5.6m. During the quarter the Australian dollar appreciated by 2% against the US\$ and depreciated by 3% against the Ringgit.

FUNDING

During the period the Company has continued to work with Nomura and its existing financiers regarding the potential restructure of its existing financing facilities. Substantial progress has been made. The detailed terms of these negotiations are subject to further due diligence and completion of definitive documentation.

RARE EARTH PRICES

The average Mount Weld distribution (basket price) was US\$20.35/kg during the quarter on a China domestic basis.

Rare Earths Prices (US\$/kg)			
Rare Earths Oxide	China domestic		
	Average Price Over Quarter		
Purity 99% min	Q2 2013	Q1 2014	Q2 2014
Lanthanum Oxide	5.43	3.65	3.24
Cerium Oxide	5.44	3.59	3.15
Neodymium Oxide	45.30	51.33	50.31
Praseodymium Oxide	57.91	94.60	94.54
Samarium Oxide	5.88	3.27	3.25
Dysprosium Oxide	246.74	283.50	264.79
Europium Oxide	636.24	692.46	621.60
Terbium Oxide	481.80	547.63	507.11

Source: Metal Pages

Further information: please contact Alistair Reid or Alan Jury on +61 2 8259 7100

