6 July 2016

LYNAS EXCEEDS PRODUCTION TARGETS AND EARNS INTEREST REDUCTIONS

Lynas Corporation (ASX:LYC, OTC:LYSDY) is pleased to announce that the interest rate under the JARE senior loan facility has reduced from 6.5% per annum to 5.7% per annum as a result of the following:

1. **Exceeding Production Targets:** Lynas’ NdPr production for the 12 months ended 30 June 2016 exceeded the target of 3,840 tonnes. During that 12 month period, Lynas’ NdPr production was 3,911 tonnes. This is the second consecutive 6 month period in which Lynas has exceeded the NdPr production target for the JARE senior loan facility.

   As detailed in Lynas’ ASX announcement dated 17 August 2015, the JARE senior loan facility specifies NdPr production targets for each 6 month period from 1 July 2015 to 31 December 2017. As a result of Lynas exceeding the second NdPr production target, the interest rate under the JARE senior loan facility has reduced by 0.5% per annum.

2. **Making Principal Repayments:** As detailed in Lynas’ Quarterly Report released on 29 April 2016 and in Lynas’ ASX announcement dated 30 May 2016, Lynas repaid in May 2016 the principal amount of US$ 2 million that was due to be paid to JARE by 30 June 2016. In addition, during June, Lynas repaid from Lynas’ operating cash flow into the loan facility restricted interest bank accounts the total amount of US$5.74 million (i.e. A$ 8 million at the time of draw down in April) that was used for SX5 Train 4 start-up costs. As a result of these repayments, the interest rate under the JARE senior loan facility has reduced by a further 0.3% per annum.

   Further details will be provided in Lynas’ quarterly report later this month.

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