

1 April 2014

OPERATIONS UPDATE

Higher Production and Sales in March quarter in line with guidance

Highlights

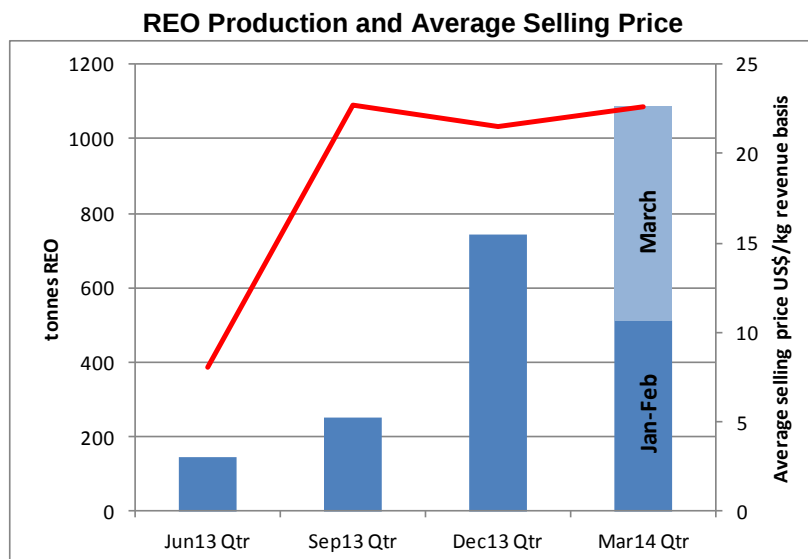
- Record production of 1089 tonnes REO for the March 2014 quarter – on track for 11,000 tpa run rate during the June 2014 quarter
- Record sales of 751 tonnes REO with improved average selling price
- Improved consistency and reliability of materials flow achieved at the LAMP
- Group operations were Lost Time Injury free during the March 2014 quarter

Lynas Corporation (ASX:LYC, OTC:LYSDY) is pleased to inform the market of substantial progress during the March 2014 quarter. Commercial production of Rare Earth Oxide (REO) products at the Lynas Advanced Material Plant (LAMP) in Malaysia in the March 2014 quarter was higher than the December 2013 quarter, consistent with guidance provided by Lynas at the end of January 2014.

Additionally, shipments of REO products during the March 2014 quarter were also higher than the December 2013 quarter.

Total tonnes produced for the March 2014 quarter were 1089 tonnes, on an REO equivalent basis, up 47% on the prior quarter. Total tonnes shipped were 751 tonnes, on an REO equivalent basis, up 84% on the prior quarter. Timing of customer delivery accounts for the variance between production and sales volumes.

The average selling price achieved for the quarter increased by 5% to US\$22.63/kg REO (revenue basis).





The Company is pleased to report that production reached 586 tonnes in the month of March, 62% higher than the previous monthly record. This reflects the great progress in the ramp up towards the targeted production rate.

"The LAMP has now demonstrated growth in production and sales volumes for four consecutive quarters," says Lynas CEO Eric Noyrez. "This improved performance reflects greater consistency and reliability of materials flow through the plant, and we are now building considerable production momentum."

"I am also very pleased to note that a favourable product mix has resulted in the average selling price realised by Lynas representing a premium to the market price."

"In addition, as previously stated in the December 2013 Quarterly Report, the LAMP's organisational structure has evolved, enhancing operational performance. Organisational and personnel changes in the areas of shift supervision, repairs and maintenance procedures and modifications to process automation all underpin the improved performance. We will continue to seek areas where there may be opportunities for further improvement and cost efficiencies."

Based on the continuing and accelerating improvement in performance in all operational areas, Lynas management is confident of achieving the targeted production run rate of 11,000tpa REO from the LAMP on a sustainable basis during the June 2014 quarter.

Mr Noyrez also noted that at current prices, the Company expects to be operating cash flow¹ neutral at a monthly sales rate of around 750 tonnes REO.

Further updates will be provided in the Company's March 2014 Quarterly Activities report, which is expected to be released on 30 April 2014.

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¹ Operating costs defined as all Group ongoing costs including overheads and excluding specific capital expenditure, financing costs and non-recurring items.