

2 July 2014

MARKET UPDATE

OPERATIONAL IMPROVEMENT PLAN

Lynas Corporation (ASX:LYC, OTC:LYSDY) announces that it is implementing a number of initiatives to streamline its operations thereby improving organisational efficiency and reducing overall costs. The first is a simplification of the Company's structure by co-locating management personnel and resources with production and sales facilities in Western Australia and Malaysia. This will result in the Company's Head Office relocating from Sydney to Kuala Lumpur. Lynas will remain listed on the Australian Securities Exchange.

"As I approach the end of my first month as CEO of Lynas, I am very focused on addressing those areas of our business where we have been underperforming. I have reviewed the business with the team and we have identified opportunities to improve cost, production and financial performance," said Amanda Lacaze, Lynas Chief Executive Officer.

"This streamlining of office locations is the first in a series of initiatives aimed at simplifying our approach and focusing on the highest value drivers in our business."

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

"We are pleased to report that demand for Rare Earth Oxide (REO) products remains buoyant and that the Company has achieved further increases in production and sales of REO products during the June 2014 quarter," said Ms Lacaze.

The company is maintaining a heavy focus on the ramp up of production at the Lynas Advanced Materials Plant (LAMP) in Malaysia. Over the past quarter further bottlenecks have been encountered which have affected production outcomes. These have been managed and 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 quarter.

"We are now working 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. Higher quality output attracts premium pricing. Increasing the proportion of production that meets individual customer specifications maximises sales revenue and promotes customer loyalty. By addressing this and by seeking to minimise the amount of Rare Earth lost during processing of Mt Weld ore, we create better value for shareholders," said Ms Lacaze.

"Lynas is in the Rare Earth business to make money for its shareholders on a long term and sustainable basis. We remain confident in our ability to sell what we produce and are focused on ensuring we have the most appropriate structure for the Company in order to maximise commercial outcomes for all our stakeholders."

Further details will be provided in the June 2014 Quarterly Activities report, to be released on 31 July 2014.

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