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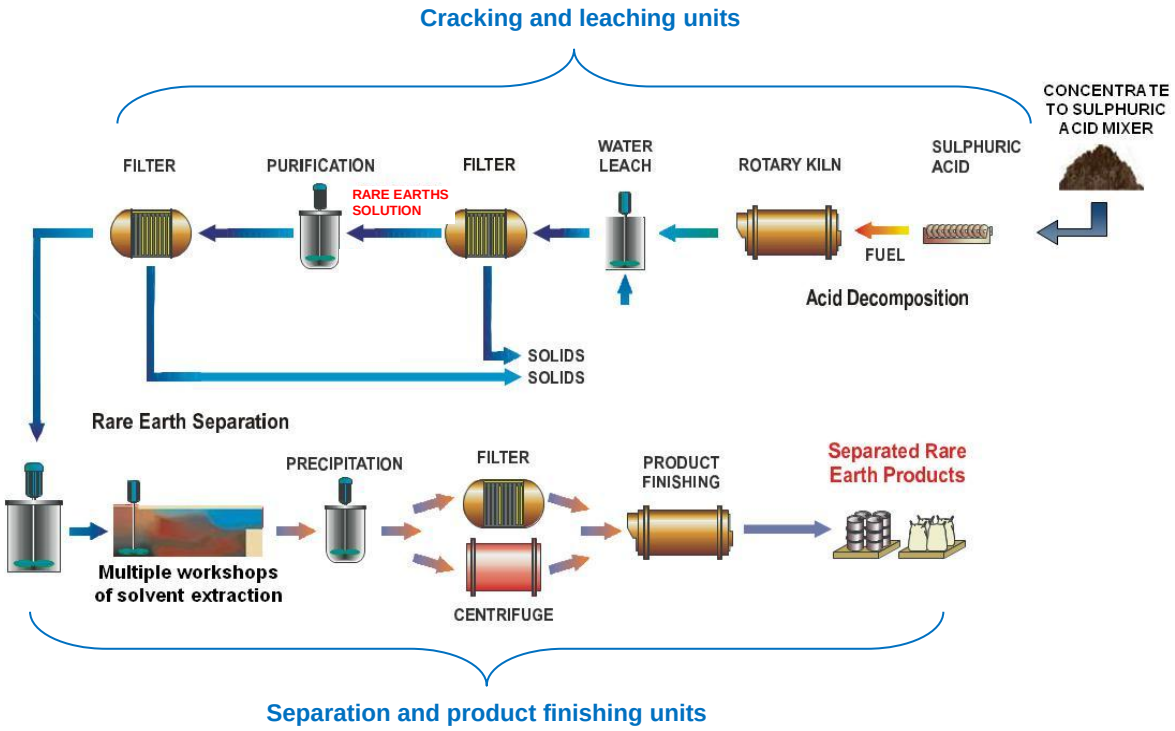
7 June 2013

OPERATIONS UPDATE

Lynas Corporation (ASX:LYC, OTC:LYSDY) is pleased to announce that the cracking and leaching unit of the Lynas Advanced Material Plant in Malaysia (LAMP) has achieved 100% of its 11,000 tpa Phase 1 nameplate production capacity.

Ongoing rates of production in the separation and product finishing units will be determined according to the rate of product approval by customers, and by market demand.

The chart below is a schematic representation of the LAMP.



Phase 2 expansion of the concentration plant at Mount Weld is completed and the plant has produced at capacity. The construction and pre-commissioning of Phase 2 of the LAMP is near completion. The Phase 2 kilns at the LAMP are currently in the process of being heated up for commissioning.

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Environmental Monitoring

Since the commencement of LAMP operations in November 2012, the measured emissions on site have consistently been significantly lower than the limits specified in the Environmental Impact Assessment (EIA) and Radiological Impact Assessment (RIA). Lynas provides real-time monitoring of these emissions at LAMP, and the results are transmitted to Malaysia's Department of Environment (DoE) and to the Atomic Energy Licensing Board (AELB).

Rare Earths Market

As stated in the March 2013 Quarterly Report, Lynas projects Rare Earths demand will grow at above-GDP rates over the medium term driven by increases in demand from key sectors such as Rare Earths permanent magnets, autocatalysts and fluid cracking catalysts (FCCs) which in aggregate are projected to account for around half of global Rare Earths demand by 2015.

Nevertheless, the current Rare Earths market remains subdued. Prices this calendar year have continued to fall, although there are now emerging signs of stabilisation in some categories.

In response to this macro environment, Lynas has implemented a program to reduce operating costs and expenditure and is optimising production at the Phase 1 capacity level. Lynas intends to continue operating at this level until higher market prices are reached.

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