

22 December 2010

## **Lynas Receives Approval from the Government of Malawi to Complete the Acquisition of Rare Earths Resource**

### **Key Points:**

- ***The main conditions precedent of the Purchase Agreement for the acquisition of the fully permitted Kangankunde Rare Earths Resource in Malawi, Africa, have been met. Lynas expects to complete the acquisition of this asset within the next few weeks for the contract sum of US\$4 million***
- ***The deposit has an Inferred Resource of 107,000 tonnes of Rare Earths Oxide (REO) at an average grade of 4.24% REO using a 3.5% REO cut-off grade. At a 3% REO cut-off grade the resource increases to 180,000 tonnes REO and remains open at depth***
- ***The deposit also contains strontianite and phosphate minerals which Lynas will actively examine to determine whether they can be economical by-products***
- ***Importantly, the deposit has extremely low natural radiation levels for a Rare Earths deposit, with an average of 11ppm thorium oxide per percentage of REO content***
- ***Completed test work shows the deposit is amenable to a low cost gravity separation concentration process producing a 60% REO concentrate***

Lynas Corporation Limited ("Lynas") (ASX:LYC, OTC:LYSDY) is pleased to announce the satisfaction of the main conditions precedent of the Purchase Agreement for the Kangankunde Carbonatite Complex (KGK), Malawi, Africa as announced in September 2007. These include:

1. Approval by the Malawi Minister of Mines for the transfer of the Mining Licence for the KGK tenement to Lynas
2. Approval of the project proposal from the Malawi Investment Promotion Agency

Lynas is now finalising settlement formalities for the Purchase Agreement for the Rare Earths deposit, which are expected to be procedural. The purchase price for the assets, as agreed in 2007 at US\$4 million net of VAT, shall be paid in full upon completion of the Purchase Agreement.

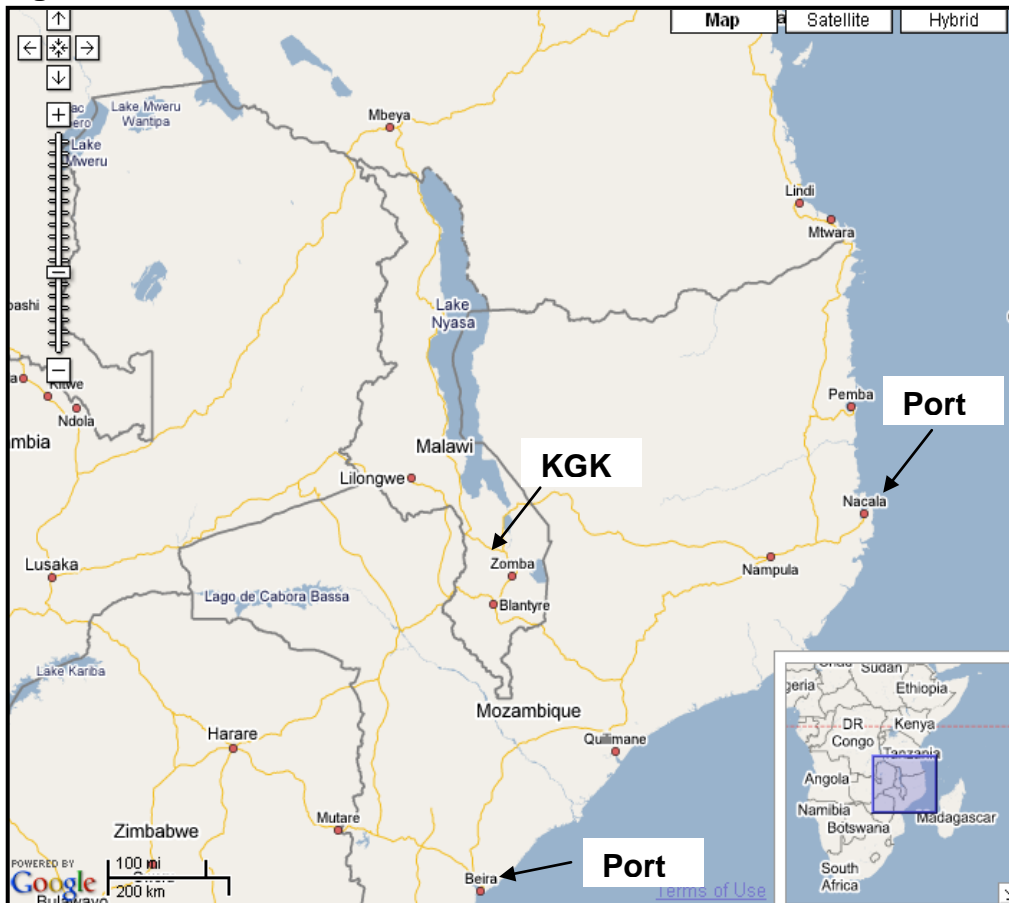


This acquisition puts Lynas in a unique position in the Rare Earths industry outside China as the only Rare Earths mining and processing company to have two significant ore resources in different geographic regions. Both Rare Earths deposits possess important characteristics of economically viable Rare Earths resources, including;

- Ability to produce a Rare Earths concentrate via pilot plant tested, low cost physical concentration processes (e.g. gravity or flotation processes).
- Inherently low thorium and uranium content thereby making it practical from an environmental perspective and allowing transportation of the concentrate.

The ability to source from two deposits inherently increases security of supply for our customer base and also will bring a certain degree of flexibility to the Rare Earths products produced and the ability to balance the market requirements by element more closely.

**Figure: Location of Malawi with KGK and Potential Ports Annotated**



## Resource Overview

The Kangankunde Carbonatite Complex (KGK) deposit has been subjected to extensive geological and process test work completed between 1987 and 1990 by the French geoscience organisation Bureau de Recherches Géologiques et Minières (BRGM). In 2007 Lynas obtained exclusive access to the geological records and results of process test work completed by BRGM.

Lynas engaged the Australian mineral consulting company, Hellman and Schofield Pty Ltd (“H&S”), to digitise the BRGM geological data consisting of more than 2,000m of diamond core drilling and 550 trench samples. Hellman & Schofield then carried out a geostatistical estimate of the Rare Earths Oxide (REO) resources.

The deposit has an Inferred Resource of 107,000 tonnes of Rare Earths Oxide (REO) at an average grade of 4.24% REO in 2.53 million tonnes of mineralisation using a cut-off grade of 3.5% REO. The resource mineralisation commences on the surface and the deposit remains open at depth. The relatively low cut-off grade is justified by the demonstrated amenability of the ore to low cost gravity separation to produce a high grade concentrate. As prices have increased since 2007 a lower cut-off grade may now be appropriate; a 3% cut-off grade would increase the resource to 180,000 tonnes REO (i.e. 4.8 million tonnes @ 3.8% REO).

The information received from BRGM indicated the potential to produce a strontianite (SrO<sub>2</sub>) and phosphate by product from the minerals within the KGK resource.

The resource can only be classified as an Inferred Resource under the JORC guidelines until fresh drill core is obtained by twining a sample of existing drill holes to reconfirm assaying, sampling, and density. REO (Ce, La, Nd & Pr oxides) were determined by the BRGM in Malawi using XRF. 10-15% of these analysed samples were checked by the BRGM in France with the original results being regarded by the BRGM as being reliable. A density of 3.0 was used to calculate tonnage on the basis of work reported by BRGM. Further drilling is planned to provide confirmation of grade and is expected to raise Resource confidence to the Indicated and Measured categories.

Five ore samples were analysed in Australia by Lynas. These grab samples had an average grade of 4.9% REO, and the distribution of the Rare Earths elements within this 4.9% REO compare closely with previous Rare Earths distributions reported for KGK. Table 1 shows the average relative distribution of the Rare Earths for the five samples.

**TABLE 1: Rare Earths Distribution for the Kangankunde Rare Earths Resource, Malawi**

Rare Earths	La2O3	CeO2	Pr6O11	Nd2O3	Sm2O3	Eu2O3	Gd2O3	Tb4O7	Dy2O3	Others
%	29.8%	49.7%	4.7%	14.0%	1.05%	0.19%	0.36%	0.07%	0.08%	0.04%

A useful measure of the natural radiation levels of a rare earths resource is the amount of thorium oxide content on a parts per million (ppm) basis for each one percent of REO content, as this effects the environmental outcomes associated with the processing of the resource. Lynas’ Mt Weld Rare Earths mine is considered to have low natural radiation levels and has an average of 44ppm thorium oxide per percentage of REO content. The KGK deposit has extremely low thorium oxide levels for a Rare Earths resource as the KGK samples have an average of 11ppm thorium oxide per percentage of REO content.

## Process Test Work

The BRGM completed ore concentration test work at pilot plant scale in France during 1989. After collection of a 30 tonne sample of ore from the surface and at depth the pilot plant consisted of crushing and grinding with gravity separation using spirals and shaking tables.

A concentrate at 60% REO grade was produced with a recovery of 60% REO from the BRGM pilot plant study. Further test work was subsequently undertaken in Johannesburg, South Africa by Mintek and Multotech, and produced similar results to those of the BRGM.

## Next steps

Upon completion of the purchase Lynas will establish an environmental management plan, undertake a drilling program designed to provide drill core to confirm the grade of previous drill results, and also to test the potential of increasing the resource.

Lynas will also validate a concentrate production flow sheet based upon the BRGM, Multotech and Mintek test data and utilising the concentration plant designed and manufactured by Multotech

## About Lynas Corporation

Lynas owns the richest known deposit of Rare Earths in the world at Mount Weld, near Laverton in Western Australia. This deposit underpins Lynas' strategy to create a reliable, fully integrated source of Rare Earths supply from the mine through to customers in the global Rare Earths industry.

Lynas will concentrate the ore mined at Mount Weld in a Concentration Plant approximately 1.5km from the mine. The concentrate produced will be shipped in sea containers to the east coast of Malaysia to the Lynas Advanced Materials Plant (LAMP) within the Gebeng Industrial Estate, Kuantan, Pahang, Malaysia, and processed through to separated Rare Earths products

Engineering and construction of both the Concentration Plant and the LAMP remain within budget. The first feed of ore into the Concentration Plant is on target for early 2011. The first feed of concentrate to the LAMP is on target for the third quarter of 2011.

The company plans to become the benchmark for security of supply and a world leader in quality and environmental responsibility to an international customer base, with production anticipated to commence in 2011.

Lynas American Depositary Receipts (**ADRs**) trade under the code LYSDY (CUSIP number 551073208). Each Lynas ADR is equivalent to 10 ordinary shares of Lynas as traded on the Australian Securities Exchange (ASX). The Bank of New York Mellon is the depository bank in respect of Lynas ADRs.

**For further information please contact Nicholas Curtis or Matthew James on +61 (0)2 8259 7100 or visit [www.lynascorp.com](http://www.lynascorp.com)**

**For all media enquires please contact Michael Vaughan from FD on +61 (2) 8298 6100 or +61 422 602 720**

"The information in this report that relates to Mineral Resources is based on information compiled by Dr P L Hellman who is a Fellow of the Australian Institute of Geoscientists and a Director of Hellman & Schofield Pty Ltd. Dr. Hellman has sufficient experience relevant to the style of

mineralisation and type of deposit under consideration, and to the resource estimation he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”. Dr. Hellman consents to the inclusion in the report of the matters based on their information in the form and context in which it appears”.

“Information in this report relating to marketing, price and processing issues is based on information compiled by Dr. M. James who is a full time employee of Lynas Corporation. Dr. James has sufficient experience relevant to these issues to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”. Dr. James consents to the inclusion in the report of the matters based on their information in the form and context in which it appears”.