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A New Niobium Rich Rare Metals Resource at Mt Weld, WA

HIGHLIGHTS

- A globally significant niobium rich rare metals resource has been defined. This resource is separate and in addition to the Mt Weld Rare Earths Project
- The new 37.7 million tonne resource derives over 50% of its value from a mine grade of 1.07% Nb₂O₅ (niobium oxide). After by-product credits the equivalent niobium oxide mine grade is 2.1%
- A scoping study has identified an open pit mine followed by a conceptual process route consisting of a number of stages, each based on existing technology, located in China to produce the rare metal product suite
- The scoping study economics indicate at 1 million tonnes mine production per annum a +35 year project life with capital cost estimated at US\$350m, annual operating income of approximately US\$85m, and net profit after tax greater than US\$40m on an un-gearred basis
- Given the favourable outcomes of the scoping study, the company will proceed with a pre-feasibility study in 2005, after the development of the Rare Earths Project
- Niobium is principally used as an additive in steel making. The booming steel industry in China currently uses a relatively low amount of niobium per tonne of steel compared to North America and Europe
- China represents an enormous potential market as it has no known large niobium deposits but could be expected to move towards North American consumption rates

NIObIUM RICH RARE METAL RESOURCE

The Directors of Lynas Corporation Limited (ASX code LYC, "Lynas"), are pleased to announce a JORC compliant rare metals resource located within the company's Mt Weld tenements in W.A..

Rare metal mineral resources for Coors and Crown Sectors, Mt Weld

Category	Mt	Ta ₂ O ₅	Nb ₂ O ₅	TLnO	ZrO ₂	Fe ₂ O ₃	P ₂ O ₅	Y ₂ O ₃	Al ₂ O ₃	TiO ₂
Indicated	1.5	0.037	1.40	1.65	0.32	46.5	8.9	0.10	9.94	5.8
Inferred	36.2	0.024	1.06	1.14	0.30	42.6	8.0	0.09	11.3	3.9
Total	37.7	0.024	1.07	1.16	0.30	42.8	8.0	0.09	11.3	4.0

Mt = million tonnes, other figures are percentages. Ta₂O₅ tantalum oxide, Nb₂O₅ niobium oxide, TLnO rare earth oxide, ZrO₂ zirconia, Fe₂O₃ iron oxide, P₂O₅ phosphate, Y₂O₃ yttria, Al₂O₃ alumina, TiO₂ titanium oxide



Dr Phillip Hellman of Hellman & Schofield Pty Ltd, Sydney, completed this multi-metal geostatistical resource estimation study. A more detailed explanation of the resource estimation and methodology may be found on Lynas' website, www.lynascorp.com.

Over 50% of the resource value is derived from the niobium oxide mine grade of 1.07% Nb₂O₅, and consequently the resource is viewed as a niobium resource. After by product credits the niobium oxide content is equivalent to 2.1% Nb₂O₅.

NIOBIUM MARKET

80% of the niobium produced globally is used as an additive in steel making, to produce alloys such as high strength low alloy (HSLA) steel where the same structural properties may be achieved with up to a 40% reduction in steel content.

Currently niobium demand is greatest in Europe and the USA. On average the USA uses 10 times the amount of niobium per tonne of steel compared to China. China's steel production is now double that of North America. Chinese steel manufacturers can be expected to increase their use of niobium and to move towards North American consumption rates. However, as with iron ore, China will be reliant on overseas supplies and therefore represents an enormous potential market for niobium.

Niobium resources (ranked by contained niobium metal) of existing commercial operations include:

- CBMM's Araxa deposit in Brazil, with 460 million tonnes grading 2.5% Nb₂O₅ supplies over 80% of the world niobium market,
- Mineracao Catalao de Goias Ltd's (Anglo American plc) deposit in Brazil totalling approximately 18million tonnes at an average of 1.34% Nb₂O₅, and
- Niobec Inc's Canadian underground deposit of 24 million tonnes at 0.65% Nb₂O₅

In comparison the Mt Weld deposit, 37.7 million tonnes at 1.07% Nb₂O₅, is potentially the world's second largest Nb₂O₅ resource.

ENGINEERING SCOPING STUDY

A highly regarded Chinese research institute has completed an engineering scoping study for the comprehensive extraction of the rare metals from the Mt Weld ore. The conceptual process route consists of a number of stages, each based on existing technology, assembled to produce a number of rare metal products as well as saleable by-products of pig iron, alumina and apatite.

China was considered as the likely processing location due to the strong demand in China for all the metals produced from the project, as well as the attractive capital costs available.

A mining and ore export operation in the order of 1 million tonnes per annum was considered. The majority of the ore lies between 30m and 60m in depth, suitable for open pit mining. With the Indicated and Inferred Resources estimated for the Crown and Coors Sectors totalling 37.7 million tonnes the resources are sufficient for more than 35 years production.

POTENTIAL VALUE OF MT WELD NIOBIUM RICH PROJECT

Capital and operating costs were developed as part of the engineering scoping study. Marketing studies used current market prices for revenue estimates. The initial capital costs for an open pit mine at Mt Weld and processing in China are estimated at approximately US\$350m. Annual revenues and operating costs are estimated at US\$385million and US\$300million respectively,



yielding an operating income of approximately US\$85million per annum. Net profit after tax is estimated at in excess of US\$40million on an un-gearred basis.

Directors advise that the scoping study is to be considered accurate to approximately $\pm 30\%$ for capital costs and $\pm 20\%$ for operating costs for the conceptual process route selected. In addition metallurgical test work is required to verify process flow sheet assumptions.

NEXT STEPS

Given the technical and economic strength of the scoping study the company will proceed with a pre-feasibility study including mineralogical and metallurgical work.

However this will commence subsequent to the development of the Rare Earths project within the Central Lanthanide Deposit as cash flow from the Rare Earths project remains the management focus. Therefore the pre-feasibility study is expected to start in 2005.

ABOUT LYNAS CORPORATION

After a change of control in June 2001, Lynas' focus changed from gold to Rare Earths. Lynas owns the world's richest deposit of Rare Earths at Mt Weld, 35km south of Laverton in Western Australia.

Lynas' strategy is to become a fully integrated supplier of Rare Earths (from mine to end customers) to the world market with a particular focus on leveraging China's expertise and low cost base for processing Rare Earths. China also represents the largest market for Rare Earths.

The company is poised to develop its Rare Earths Oxides (REO) resource:

- Mine design is complete for the first 20 years of ore at an average grade of 14.8% REO from a defined resource of 7.7 million tonnes
- All mine environmental, native title and Aboriginal heritage studies and approvals are complete
- A technical feasibility study and pilot plant for the concentration process have been completed
- Environmental approvals have been granted for processing Mt Weld concentrates at a selected site in China

To facilitate this strategy Lynas has a strategic 20% stake in AMR Technologies Inc, a Toronto-listed Company, which is the world's second largest Rare Earths processor with facilities in China.

Lynas Corporation (ASX code LYC) is part of the S&P/ASX300 Index.

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Appendix 1 Location of the Coors and Crown Deposits at Mt Weld, Western Australia

