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Sojitz and Lynas sign Strategic Alliance Agreement to secure additional Rare Earths supply for Japan

Lynas Corporation Limited (“Lynas”) (ASX:LYC, OTC:LYSDY) has today signed a Strategic Alliance Agreement with Sojitz Corporation (“Sojitz”) to secure additional supply of Rare Earths products for the Japanese market by accelerating the expansion of the Lynas Rare Earths project.

The objective of the Agreement is to provide a stable and long term source of supply for the Japanese market by providing a framework for Lynas and Sojitz to agree off-take, distribution and financing arrangements during 2011 which would enable the acceleration of Phase 2 of Lynas’ Rare Earths mine and Concentration Plant at Mount Weld in Western Australia and the Lynas Advanced Materials Plant (LAMP) in Malaysia. Phase 1 operations are scheduled to begin in the third quarter of 2011, with an initial capacity of 11,000 tonnes REO (Rare Earths Oxide) per annum.

Lynas Executive Chairman Mr Nick Curtis said: “This landmark agreement will enable Lynas to accelerate marketing to Japanese customers. If implemented, it will enable Phase 2 construction to be committed in April 2011 and be online in 2012, expanding the capacity of the LAMP to 22,000 tonnes REO per annum”.

The key terms of the Agreement include that Lynas and Sojitz will use commercially reasonably endeavours to:

- Seek a funding package of up to $US250 million to cover the cost of accelerating the expansion of the Lynas Rare Earths project to 22,000 tonnes per annum. Sojitz will request financial support from the Japan Oil, Gas and Metals National Corporation (JOGMEC) for the expansion of the project.

- Allocate a minimum of 8,500 tonnes ± 500 tonnes per annum to the Japanese market over the next ten years, upon securing this funding.

- Jointly market Rare Earths products in Japan in order to secure end customers in Japan for 8,500 tonnes ± 500 tonnes of Rare Earths products per year over the next 10 years to meet the requirements of the customers in Japan.
If successful this transaction will allow Sojitz, a leading Japanese trading firm and the largest supplier of Rare Earths into Japan, to be the exclusive distribution company for Lynas product into Japan.

This agreement will result in more than 70% of the Lynas 22,000 tonne capacity now allocated.

Mr Curtis added: “Lynas welcomes this Alliance and believes this opportunity advances our ability to set a new global benchmark for the production, processing and marketing of rare earth products in a safe and environmentally responsible manner which can be relied on by our customers”.

**About Sojitz Corporation**

Sojitz is a leading Japanese trading firm and the largest supplier of Rare Earths into Japan. As a general trading company Sojitz conducts transactions and business operations in Japan and overseas in a wide range of fields including machinery, energy and metals, chemicals and functional materials, and consumer lifestyle businesses.

**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 depositary bank in respect of Lynas ADRs.

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