



9 May 2014

This is an important document that requires your attention.

Dear shareholder

Message from the Chairman

The Lynas Board of Directors believe the capital raising and proposed debt amendment announced to the ASX on 5 May 2014 provides a solid financial base for the Company.

Lynas achieved a new record month of production in April 2014 of 709 tonnes on an REO equivalent basis, more than 20% higher than the previous record month in March. The ramp up of production and sales from the Lynas Advanced Materials Plant is now well advanced and we expect to be at our targeted production rate during the June 2014 quarter. The equity raising will secure our short term working capital requirement.

The Lynas Directors are particularly pleased to be able to offer eligible shareholders the opportunity to participate in the Equity Raising.

Completion of the proposed purchase and amendment of the Sojitz/JOGMEC loan facility would remove the obligation of debt repayments until mid-2016, giving Lynas time to further strengthen its financial profile through the build-up of cash flow from production and sales.

Share Purchase Plan – Eligible Shareholders may purchase parcels of fully paid ordinary shares up to a value of A\$15,000

On behalf of Lynas Corporation Ltd (**Lynas**), I am pleased to offer you the opportunity to participate in the Lynas Share Purchase Plan (the **SPP**).

As announced on 5 May 2014, Lynas proposes to raise a minimum of A\$30 million under the SPP with the capacity to raise up to a further A\$10 million through a non-underwritten “top up” placement to institutional and sophisticated investors at the same price as the SPP (**Placement**), subject to available placement capacity under the ASX Listing Rules.

Funds raised under the SPP and Placement will be used to augment working capital during the ramp-up at the Lynas Advanced Materials Plant (LAMP).

The Share Purchase Plan

The amount that each Eligible Shareholder can apply for under the SPP is capped at A\$15,000.

The SPP is being offered to Australian and New Zealand Shareholders at a price per new fully paid ordinary share (**New Shares**) equal to a 17.5% discount to the average market price of fully paid ordinary shares traded in the ordinary course on ASX during the 5 trading days up to and including the SPP Shortfall date, rounded up to the nearest 0.1 cent.

The offer

The SPP is offered exclusively to all Eligible Shareholders, being registered holders as at 7pm (Australian Eastern Standard Time (AEST)) on Friday, 2 May 2014 (**Record Date**) with a registered address in Australia or New Zealand who meet certain other conditions as set out in the Terms and Conditions.

The SPP provides Eligible Shareholders with an opportunity to buy a parcel of New Shares in Lynas valued at A\$1,000, A\$2,500, A\$5,000, A\$7,500, A\$10,000, A\$12,500 or A\$15,000.

The SPP opens on Friday, 9 May 2014 and is expected to close at 5pm (AEST) on Friday, 23 May 2014, unless the timetable is varied.

Participation in the SPP is entirely voluntary. All New Shares issued under the SPP will rank equally with existing fully paid ordinary shares and will carry the same voting rights and entitlement to receive distributions. No brokerage costs apply to purchases under the SPP. The issue of New Shares is expected to occur on Thursday, 29 May 2014.

Underwriting of SPP

The SPP will be fully underwritten to A\$30 million by Patersons Securities Limited (**Patersons**). The Underwriting Agreement is subject to standard representations and warranties. It also contains termination provisions whereby Patersons would have the right to terminate the Underwriting Agreement upon the occurrence of certain events, including adverse changes in international financial markets, material suspensions of trading of securities in financial markets, a fall in the S&P/ ASX 200 Materials Index by 10% or more as at 5 May 2014, and the occurrence of other specified matters relating to Lynas.

The Directors reserve the right in consultation with the underwriter to expand the size of the SPP (subject to ASX Listing Rules) and to scale back acceptances at their discretion

How to accept this offer

To apply for New Shares under the SPP, please follow the instructions on the enclosed personalised Application Form.

This letter and its attachments set out the details and Terms and Conditions of the SPP. I encourage you to read the enclosed material and seek your own financial advice in relation to the SPP, before you decide whether to participate.

On behalf of the Board, I invite you to consider participation in the SPP.

Yours sincerely



Nicholas Curtis AM
Chairman



Key Dates*

Date	Event	
7pm (AEST) Friday, 2 May 2014	Record Date	The Date on which Lynas Corporation Ltd determines Eligible Shareholders
Friday, 9 May 2014	Opening Date	SPP opens
5pm (AEST) Friday, 23 May 2014	Closing Date	SPP closes. Applications must be received by 5pm (AEST)
Wednesday, 21 May 2014 – Tuesday, 27 May 2014 (inclusive)	Pricing Period	Period to determine the price per New Share under the SPP
Tuesday, 27 May 2014	SPP Shortfall date	Any SPP shortfall will be notified to the Underwriter on this date
Thursday, 29 May 2014	Allotment Date	New Shares will be issued on this date

* Lynas has the discretion to alter Key Dates, including without limitation, to extend the Closing Date or to close the SPP early.

Further assistance

If you have any questions in relation to the SPP please call your broker, accountant or professional adviser. If you require information on how to complete the Application Form please contact the Lynas Shareholder Information line on 1300 655 683 (within Australia) or +612 9290 9600 (outside Australia).

Foreign Jurisdictions

The SPP does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any US person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the US Securities Act)). The SPP has been prepared for publication in Australia and New Zealand only and may not be released elsewhere.



TERMS AND CONDITIONS

IMPORTANT NOTICE: The offer to purchase New Shares under this Share Purchase Plan (SPP) is not a recommendation to purchase shares in Lynas. If you are in any doubt about whether or not, or the extent that, you should participate in this SPP, you should obtain professional financial and/or taxation advice to assist you (taking into account your own financial situation, needs and objectives). Nothing in these Terms and Conditions, the Application Form or any other accompanying documentation constitutes investment or financial product advice or is intended to influence your decision whether or not to participate in the SPP.

If you apply to participate in the SPP by making a BPAY[®] payment or completing and returning the Application Form with a cheque or money order, you are accepting the risk that the market price of shares in Lynas may change between the Record Date, the date on which you send in an Application Form or make a BPAY payment and the Allotment Date. This means it is possible that, up to or after the Allotment Date, you may be able to buy shares in Lynas at a lower price than the Issue Price.

Set out below are the terms and conditions of Lynas Corporation Limited Share Purchase Plan that are binding on any Shareholder completing a Share Purchase Plan Application Form or applying via BPAY. The Application Form forms part of this document.

Capitalised terms used in these Terms and Conditions are both defined in the body of these Terms and Conditions as well as in Section 18.

1 The SPP

- (a) The SPP is an invitation to Eligible Shareholders by Lynas Corporation Limited (**Lynas**) to subscribe for fully paid ordinary shares in Lynas (**Lynas Shares**) at the Issue Price (see Section 5 below) per New Share.
- (b) The minimum application amount under the SPP is A\$1,000. All applications for an amount in excess of \$1,000 must be for a minimum of A\$2,500 or in increments of A\$2,500 therefrom.
- (c) The amount an Eligible Shareholder can apply for will be restricted to a cumulative total of A\$15,000.
- (d) The SPP is conducted under ASIC Class Order CO 09/425.
- (e) You are not obliged to accept or otherwise participate in the SPP. Participation in the SPP is optional.
- (f) The SPP is made to each Eligible Shareholder on the same terms and conditions.
- (g) The offer under the SPP is non-renounceable, which means you may not transfer your right to apply for New Shares under the SPP to anyone else.

2 Opening and Closing Date of the SPP

The SPP opens at 5.00pm (AEST) on Friday, 9 May 2014 and is scheduled to close at 5.00pm (AEST) on Friday, 23 May 2014. Lynas reserves the right to change the closing date of the SPP. No late applications will be accepted.



3 Eligible Shareholders

- (a) You are eligible to participate in the SPP (**Eligible Shareholder**) if you were a registered holder of fully paid ordinary shares in Lynas at 7.00pm (AEST) on Friday, 2 May 2014 (**Record Date**) whose address in the security register of Lynas is in Australia or New Zealand unless:
- (i) you hold Lynas Shares on behalf of another person who resides outside Australia or New Zealand and do not hold Lynas Shares in any other capacity;
 - (ii) you are in the United States or you are a US Person, or acting for the account or benefit of a US Person; or
 - (iii) you are ineligible to participate in the SPP because of the aggregate limit explained in Section 4 below.
- (b) (**Single Holders**) If you are the only registered holder of Lynas Shares, but you receive more than one offer under the SPP (for example, due to multiple registered holdings), you may only apply for one maximum parcel of New Shares up to the value of A\$15,000.
- (c) (**Joint Holders**) If you are recorded with one or more other persons as the joint holder of Lynas Shares, that joint holding is considered to be a single registered holding for the purposes of the SPP and, subject to the conditions of eligibility set out in this Section 3, the joint holders are entitled to participate in the SPP in respect of that single holding only. The certification under Section 9(d) by one joint holder will be effective in respect of the other joint holder(s). If the same joint holders receive more than one offer under the SPP due to multiple registered holdings, the joint holders may only apply for New Securities up to a maximum of A\$15,000.
- (d) (**Custodians, Trustees and Nominees**) If you are a custodian within the definition of 'custodian' in ASIC Class Order CO 09/425 and you are a registered holder of Lynas Shares on behalf of a person (**Beneficiary**) and you apply to acquire New Shares on behalf of the Beneficiary, you must certify in writing to Lynas a number of matters relating to such beneficiaries (**Custodian Certificate**).
- If you are a custodian please contact the Security Registry to obtain the form of Custodian Certificate that you are required to submit.
- If you are a custodian and you hold shares or interests jointly on behalf of two or more persons, the \$15,000 limit applies jointly in relation to those persons as if you hold the shares or interests on behalf of a single person.
- If you hold Lynas Shares as a trustee or nominee for another person, but are not a 'custodian' as defined above, you cannot participate for Beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.
- Nominees and other registered holders of Lynas Shares that are acting on behalf of a person in the United States must not (i) send this document or any other document relating to the SPP to any person in the United States or (ii) purport to exercise rights under this offer on behalf of a person in the United States.
- (e) If you are an Eligible Shareholder, your rights under this offer are personal to you and are non-renounceable, which means you cannot transfer your rights to another person.



4 How much can you invest?

The minimum application amount under the SPP is A\$1,000. All applications for an amount in excess of \$1,000 must be for a minimum of A\$2,500 or in increments of A\$2,500 therefrom. Applications under the SPP may only be made for the following amounts:

- A\$1,000
- A\$2,500;
- A\$5,000;
- A\$7,500;
- A\$10,000;
- A\$12,500; and
- A\$15,000.

The offer under the SPP needs to comply with the limit in ASIC Class Order CO 09/425. Under that class order, Eligible Shareholders may only acquire a maximum of A\$15,000 worth of Lynas Shares under a security purchase plan in any 12 month period. This means that Eligible Shareholders are not permitted to acquire more than A\$15,000 worth of Lynas Shares in aggregate, even if you receive more than one Application Form or hold Lynas Shares in more than one capacity, e.g. if you are both a sole and joint holder of Lynas Shares (**Aggregate SPP Participation**).

5 Issue Price of New Shares under the SPP

- (a) The price per New Share on offer under the SPP (**Issue Price**) shall be equal to a 17.5% discount to the average market price of fully paid ordinary shares traded in the ordinary course on ASX during the 5 trading days up to and including the SPP Shortfall Date, rounded up to the nearest 0.1 cent.
- (b) The current Lynas Share price can be obtained from the ASX website at www.asx.com.au (ASX code: LYC) and is listed in the financial and business section of major daily newspapers circulated in Australia.
- (c) You agree to pay the Issue Price for each New Share calculated under Section 5(a) or, if there is a Scaleback (as defined below), the number of Lynas Shares calculated under Section 12.
- (d) You acknowledge that the market price of New Shares may rise or fall between the date of this SPP and the date that New Shares are allotted to you under the SPP (**Allotment Date**) and that the effect of this is that the Issue Price you pay for the New Shares may exceed the market price of Lynas Shares on the Allotment Date.

6 Applying for New Shares

- (a) Eligible Shareholders may apply to purchase a parcel of New Shares above a minimum of A\$1,000. All applications for an amount in excess of \$1,000 must be for a minimum of A\$2,500 or in increments of A\$2,500 therefrom, up to a maximum of A\$15,000. If you are an Eligible Shareholder and wish to participate in the SPP, you must follow the instructions on the SPP Application Form (**Application Form**) and:



- (i) make payment by BPAY® equivalent to the value of the parcel of New Shares you wish to apply for, using the information provided on the application form; **or**
- (ii) complete the Application Form and provide a cheque or money order made payable to "Lynas SPP",

so that it is received by the Security Registry by 5.00pm (AEST) on the Closing Date. Payments must be denominated in Australian dollars.

- (b) If you apply for New Shares under the SPP, you will apply for a certain value, rather than a certain number, of New Shares. Subject to Section 12, Lynas will divide the parcel value you select by the Issue Price in order to determine the number of New Shares for which you have applied (rounded down to the nearest whole number of New Shares). Any balance of monies sent by you that is remaining as a result of rounding will be refunded to you except where the amount is less than A\$2.00 (or an amount advised by the Company).
- (c) Eligible Shareholders who receive more than one offer under the SPP (for example, because they hold Lynas Shares in more than one capacity) may apply on different Application Forms for New Shares but may not apply for New Shares with an aggregate value of more than A\$15,000.
- (d) Lynas may accept or reject your application for New Shares, either in whole or in part, at its absolute discretion. For example, Lynas may reject your application in any of the following circumstances (among others):
 - (i) it appears that you are applying to purchase a number of New Shares that will mean that your Aggregate SPP Participation will exceed A\$15,000;
 - (ii) your Application Form is incorrectly completed, incomplete or otherwise determined by Lynas to be invalid;
 - (iii) your cheque is dishonoured or the cheque or money order that you enclose with your Application Form is not made out for the amount corresponding to the value of the parcel of New Shares for which you have applied;
 - (iv) your Application Form or BPAY® payment is received after the Closing Date. Late or otherwise incomplete or invalid payments will be refunded to you; or
 - (v) Lynas believes you are not an Eligible Shareholder (subject to compliance with any applicable Australian Securities and Investments Commission (**ASIC**) or ASX requirements).

7 Risk

- (a) Subscription for New Shares under the SPP is a speculative investment and the market price may change between the date you apply for New Shares and the issue of New Shares to you. Accordingly, the value of New Shares applied for is likely to rise or fall. Importantly, there is a risk that during the period between when you apply for New Shares and when the New Shares are issued to you, the price at which Lynas Shares are traded on the ASX may be less than the Issue Price payable under this SPP.
- (b) This document is not a prospectus or product disclosure statement, and has not been lodged with ASIC. The issue of a prospectus or product disclosure statement is not



required for the purposes of the SPP. This document does not contain the types of disclosure required to be contained in a prospectus or product disclosure statement. You must rely on your own knowledge of Lynas, previous disclosures made by Lynas to the ASX (including disclosure regarding the risks of making an investment in Lynas) and, if necessary, consult your professional adviser when deciding whether or not to participate in the SPP.

8 Timetable

- (a) Subject to Section 8(b):
- (i) **(Record Date)** the record date for the offer is 7.00pm (AEST) on Friday, 2 May 2014;
 - (ii) **(Opening Date)** the offer opens at 5.00pm (AEST) on Friday, 9 May 2014;
 - (iii) **(Closing Date)** the offer closes at 5.00pm (AEST) on Friday, 23 May, 2014;
 - (iv) **(Pricing Period)** the 5 trading day period between Wednesday, 21 May 2014 to Tuesday, 27 May 2014 (inclusive);
 - (v) **(SPP Results Announcement)** the number of New Shares to be issued, the Issue Price and, if applicable, any Scaleback will be announced to the ASX on or around Thursday, 29 May 2014;
 - (vi) **(Allotment Date)** the Company proposes to allot the New Shares on Thursday, 29 May 2014;
 - (vii) **(Trading Date)** the New Shares are expected to commence trading on Thursday, 29 May 2014; and
 - (viii) **(Dispatch Date)** the date on which transaction confirmations are sent to securityholders and, if applicable, a direct credit deposit to your nominated account is made or refund cheque is dispatched, is expected to be Thursday, 29 May 2014.
- (b) Lynas may vary any of the above dates in Section 8(a) at its discretion (even if the offer has opened, or BPAY® or Application Forms have been received) by lodging a revised timetable with ASX.

9 Effect of Making an Application

If you submit a BPAY[®] payment or complete and return an Application Form together with a cheque or money order:

- (a) you acknowledge that you are an Eligible Shareholder;
- (b) you irrevocably and unconditionally agree to these Terms and Conditions and the terms of the Application Form and agree not to do any act or thing that would be contrary to the spirit, intention or purpose of the SPP or these Terms and Conditions;
- (c) you acknowledge your application is irrevocable, unconditional and cannot be withdrawn once returned;
- (d) you certify that the total of the application price for the following does not exceed A\$15,000:



- (i) New Shares under the SPP the subject of your application;
 - (ii) any other New Shares under the SPP or any Lynas Shares that you acquired under any similar arrangement in the 12 months before the date of your application;
 - (iii) any other New Shares which you have instructed a custodian or another custodian to acquire on your behalf under the SPP; and
 - (iv) any other Lynas Shares issued to a custodian under an arrangement similar to the SPP in the 12 months before the date of your application as a result of an instruction given by you to the custodian or another custodian and which resulted in you holding beneficial interests in the shares or interests,
- even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP;
- (e) if you are a custodian, you make additional representations that you either:
 - (i) hold an Australian financial services licence that:
 - (A) covers the provision of a custodial or depository service (as defined by section 766E of the Corporations Act); or
 - (B) includes a condition requiring you to comply with the requirements of ASIC Class Order CO 02/294; or
 - (ii) are exempt from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service under:
 - (A) paragraph 7.6.01(1)(k) of the Corporations Regulations 2001;
 - (B) paragraph 7.6.01(1)(na) of the Regulations;
 - (C) ASIC Class Order CO 05/1270 to the extent that it relates to ASIC Class Order CO 03/184;
 - (D) ASIC Class Orders CO 03/1099, CO 03/1100, CO 03/1101, CO 03/1102, CO 04/829 or CO 04/1313;
 - (E) an individual instrument of relief granted by ASIC in terms similar to one of the Class Orders referred to in above; or
 - (F) paragraph 911A(2)(h) of the *Corporations Act 2001* (Cth); or
 - (iii) are otherwise a custodian as defined in Class Order CO 09/425,
- and that you have provided a Custodian Certificate to Lynas;
- (f) you authorise Lynas to correct minor errors in your Application Form and to complete the Application Form by inserting any missing minor detail;
 - (g) you acknowledge that Lynas may determine that your Application Form is valid, in accordance with these Terms and Conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
 - (h) you accept the risk associated with any refund that may be sent to your address or to your nominated bank account as shown on the Lynas security register;
 - (i) you are responsible for any dishonour fees or other costs Lynas may incur in presenting a cheque for payment that is dishonoured;



- (j) you acknowledge that no interest will be paid on any application monies paid in connection with this SPP and that are held pending the allotment of the New Shares or subsequently refunded to you for any reason;
- (k) you acknowledge that you have not been provided with investment advice or financial product advice by Lynas or the Security Registry and that neither of them has any obligation to provide this advice in relation to your consideration as to whether or not to participate in, or the extent of such participation in, the SPP;
- (l) you acknowledge that Lynas is not liable for any exercise of its discretions referred to in these Terms and Conditions;
- (m) you acknowledge that the New Shares have not, and will not be, registered under the US Securities Act or the securities law of any other jurisdiction outside Australia and, accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (n) you represent and warrant that you are not a US Person, and are not applying under the Offer for or on behalf of a US Person;
- (o) you agree not to send any materials relating to the Offer to any person in the United States or to any person who is acting for the account or benefit of a US Person; and
- (p) if you are a Custodian, you make additional representations that you meet the definition of “custodian” in the Class Order and have provided a Custodian Certificate to Lynas.

10 Waiver, Amendment, Suspension and Withdrawal

- (a) Lynas may, at its discretion, waive compliance with any provision of these Terms and Conditions, amend or vary these Terms and Conditions or suspend or withdraw the offer made under this SPP at any time and in its absolute discretion. Any such waiver, amendment, variation, suspension or withdrawal will be binding on all Eligible Shareholders even where Lynas does not give notice of the event. However, the rights of any Eligible Shareholder in connection with any New Shares that have been duly issued and allotted to that person prior to the occurrence of any such waiver, amendment, variation, suspension or withdrawal will not be affected as a result of any such occurrence.
- (b) The Company is not liable for any loss, cost, expense, liability or damage arising out of exercise of any of its discretions under these Terms and Conditions.
- (c) If you have any questions in respect of the SPP, please contact the Lynas Shareholder Information line on 1300 655 683 (within Australia) or +612 9290 9600 (outside Australia).

11 Rights Attaching

The rights and obligations of the New Shares are contained in the Lynas Constitution. The New Shares will be issued on the same terms as all other Lynas Shares and Lynas will apply for the New Shares proposed to be issued under the SPP to be quoted on the ASX. If the New Shares are not quoted on the ASX, the New Shares will not be issued and all application monies will be refunded.



12 Scaleback

- (a) Lynas may, in its absolute discretion, reduce the number of New Shares allotted to each applicant to the extent and in the manner that it sees fit (**Scaleback**). If undertaken, the Scaleback will apply to all applications received on a pro-rata basis, based on each application size.
- (b) If there is a Scaleback, the difference between the application monies received from you, and the number of New Shares allocated to you multiplied by the Issue Price, will be refunded by Lynas, without interest, following allotment.

13 Costs of Participation

No brokerage costs will be payable by Eligible Shareholders in respect of the application for, and allotment of, New Shares under the SPP.

14 Privacy

By receiving completed Application Forms, Lynas collects personal information about Shareholders. Lynas will use this information for the purposes of processing the Application Form and updating the records of Lynas. To the extent restricted by law, Lynas will not disclose personal information about a Shareholder to a third party. To the extent permitted by law, Shareholders are able to access, upon request, personal information about them held by Lynas.

15 Dispute Resolution

Lynas may settle in any manner it thinks fit, any difficulties, anomalies or disputes that may arise in connection with or by reason of the operation of the SPP. The decision of Lynas will be conclusive and binding on all participants and other persons to whom the determination relates. Lynas' rights may be exercised by the Board or any delegate of the Board.

16 Governing Law

These Terms and Conditions are governed by the laws in force in New South Wales. Any dispute arising out of or in connection with these Terms and Conditions, or the offer of New Securities, will be determined by the courts of New South Wales. By accepting this offer, you agree to submit to the exclusive jurisdiction of the courts in New South Wales.

17 Underwritten

The SPP is fully underwritten by Patersons Securities Limited up to the amount of A\$30 million.

18 Definitions

Aggregate SPP Participation means the aggregate Issue Price of Lynas Shares applied for under the SPP.

Allotment Date means the date upon which New Shares will be allotted under the SPP.

Application Form means the SPP Application Form.

ASX means the Australian Securities Exchange.

Beneficiary means a person on whose behalf a custodian within the meaning of ASIC Class Order CO 09/425 holds registered Lynas Shares.



Board means the board of directors of Lynas.

Closing Date means 5.00pm (AEST) on Friday, 23 May 2014.

Company or **Lynas** means Lynas Corporation Limited (ACN 009 066 648).

Custodian Certificate means the certificate to be provided by custodians within the meaning of ASIC Class Order CO 09/425.

Eligible Shareholder means a Shareholder eligible to participate in the SPP in accordance with Section 3.

Issue Price means the price per New Shares calculated in accordance with Section 5.

Lynas Share means a fully paid ordinary share in Lynas.

New Shares means a fully paid ordinary share issued in accordance with this SPP.

Opening Date means 5.00pm (AEST) on Friday, 9 May 2014.

Record Date means 7.00pm (AEST) on Friday, 2 May 2014.

Scaleback means the right of Lynas, in its absolute discretion, to reduce the number of New Shares allotted to each applicant under Section 12.

Shareholder means the registered holder a Lynas Share.

Security Registry means Boardroom Pty Ltd.

SPP means this Share Purchase Plan.

SPP Shortfall Date means Tuesday, 27 May 2014.

