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29 September 2014

LYNAS ANNOUNCES EQUITY OFFERING AS PART OF AN INTEGRATED FINANCING PACKAGE

- **Fully underwritten 5-for-14 Renounceable entitlement offer to raise approximately A\$71 million (before costs)**
- **Institutional placement to introduce new institutional investors and raise A\$12 million (before costs)**
- **Attaching options exercisable by September 2015**

Lynas Corporation (ASX:LYC, OTC:LYSDY) announces an equity raising comprising an institutional placement (“placement”) and a fully underwritten 5-for-14 renounceable entitlement issue (“entitlement issue”) that will raise a total of approximately A\$83 million. The transaction will also introduce new institutional investors.

In conjunction with the recently announced changes to the senior secured debt amortisation timetable, the new equity will strengthen the Company’s balance sheet and provide Lynas with sufficient liquidity as it transitions from its start up project phase to full business operations.

The issue price for new shares in both the placement and the entitlement issue is A\$0.08 per share. Options will also be issued to participants in both the placement and the entitlement issue, on the basis of one option for every two new shares subscribed for under the relevant offer. The options will be exercisable at A\$0.09 at any time up to 15 September 2015. The entitlement issue is fully underwritten by Patersons Securities Limited.

All new shares issued will rank equally with existing shares on issue.

“This recapitalisation of Lynas is supported by substantial financial investors, some of whom specialise in investments in the energy and industrial sectors,” said Lynas Corporation’s Chairman, Mr Nicholas Curtis.

“Together with the amended debt amortisation schedule, the new capital provides a more secure financial base for the Company.”

Institutional Placement

Lynas is proposing to place 150 million new shares with institutional investors, at an issue price of A\$0.08 per share. The placement will raise A\$12 million and the funds will

primarily be used to meet the September 2014 senior debt repayment of US\$10 million. Pursuant to the placement, one option will be granted for every two placement shares issued (resulting in the issue of 75 million placement options). The options will have an exercise price of A\$0.09 and may be exercised on or before 5.00pm on 15 September 2015. Placement shares will rank equally with existing shares in all respects from allotment.

The participants in the placement are also sub-underwriters in the entitlement offer.

Renounceable Entitlement Issue

The renounceable entitlement issue will provide existing eligible Lynas shareholders with the opportunity to apply for 5 new ordinary shares (“entitlement shares”) in Lynas for every 14 shares registered in their name at 7pm on 3 October 2014. Participating shareholders will also receive one option for every two entitlement shares. The entitlement issue will result in the issue of 887.1 million entitlement shares and 443.5 million entitlement options. The options will have an exercise price of A\$0.09 and may be exercised on or before 5.00pm on 15 September 2015. Entitlement shares will rank equally with existing shares in all respects from allotment.

The options will constitute a new class of security and it is anticipated that they will trade under the ASX Code LYCO.

Full details of the Entitlement Offer are set out in the Prospectus lodged with ASIC on Monday, 29 September 2014, copies of which are available on the ASX website (www.asx.com.au) and the Lynas website (www.lynascorp.com) from that date.

Offers of shares and options under the Entitlement Offer will be made in, or accompanied by, a copy of the Prospectus.

The Prospectus is expected to be dispatched to eligible shareholders on 9 October 2014. You should read the entire Prospectus carefully before deciding whether to participate in the Entitlement Offer. Applications for shares and options must be made on the Entitlement and Acceptance Form included in, or accompanying, the Prospectus.

Indicative timetable

Event	Date
Issue of shares under the Placement	Wednesday, 1 October 2014
Ex date, Rights trading begins	Wednesday, 1 October 2014
Record date for Entitlement Issue	7:00pm (Sydney time), Friday, 3 October 2014
Dispatch of Prospectus and offer opens	Thursday, 9 October 2014
Rights trading ends	Monday, 13 October 2014

New shares and entitlement options commence trading on deferred settlement basis	Tuesday, 14 October 2014
Offer closes	5:00pm (Sydney time), Monday, 20 October 2014
Shares and options allotted	Monday, 27 October 2014

This timetable is subject to change. Subject to its obligations under the underwriting agreement, Lynas reserves the right to vary the timetable without notice, including without limitation to close the issue early. Shareholders are therefore encouraged to lodge their applications well ahead of the advertised closing date. The commencement of trading of the New Shares is subject to confirmation from ASX.

Post-June 30 Developments

On the 2nd September this year, Lynas was granted its Full Stage Operating License (FSOL) from the Malaysian AELB. This was a crucial step in providing Lynas with operating certainty for future years.

In addition following the change in CEO in June 2014, Lynas announced a series of initiatives to simplify the Company's structure, to reduce costs and unnecessary expenditure, and to improve the quality and value of production with a beneficial consequential impact on margins and revenue.

Included among these moves are:

- Relocation of Head Office to Kuantan, Malaysia, and pending closure of the Sydney and Kuala Lumpur offices. Together with the elimination of duplicated services in other locations and a reduction in the use of contract labour, this has so far generated annualised overhead cost savings of \$16 million;
- Improvements in procurement including renegotiation of supplier contracts to reflect current and expected requirements and market prices, which has resulted in \$10 million of annualised cost savings to date;
- Changes to production protocols to optimise revenue generation by improving yield of Rare Earths through the production process, mitigation of known bottlenecks and an increased focus on production of material that meets customer quality specifications.

"Preliminary indications are that September quarter results will continue the trend of quarter-on-quarter improvement from June 2013," said Lynas' CEO and Managing Director, Amanda Lacaze. "I am particularly pleased to report that we have achieved significant operational improvements at LAMP and our monthly production run rate is our highest yet."

"Even better, we have achieved 99% on-spec production of our premium NdPr product in September to date. The significance of this is that NdPr and our SEG/Heavies blend of heavy rare earths contribute around 90% of our revenue even though they only represent about one-third of sales shipments by volume.

"This strong growth in revenue, together with efficiency improvements and reduced costs, are the outcomes of a number of recent initiatives aimed at creating a stronger and more sustainable business. Now that we have aligned our debt repayment schedule

more closely with the planned growth in profitability, I hope shareholders will recognise this entitlement issue provides them with an opportunity to leverage their investment in Lynas on favourable terms.”

For all media enquiries please contact Renee Bertuch from Cannings Corporate Communications on +61 8 8284 9990.

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Andrew Arnold
Company Secretary