



29 September 2014

Dear Shareholder

Lynas Corporation Limited – Renounceable Pro Rata Entitlement Offer

On 29 September 2014, Lynas Corporation Limited (**Lynas**) announced that it was conducting an underwritten, renounceable pro rata entitlement offer, with eligible Lynas shareholders entitled to subscribe for 5 new ordinary fully paid shares in Lynas (**New Shares**) for every 14 existing shares held, and one option (**Entitlement Option**) for every two new Shares subscribed for (the **Entitlement Offer**).

The Entitlement Offer was preceded by a placement of securities to a select number of institutional investors which is expected to raise A\$12.0 million (the **Placement**) when it settles on or around Wednesday, 1 October 2014. Under the Placement, subscribers will also receive one Option for every two new Shares subscribed for.

1 The Entitlement Offer and the Use of Proceeds

The Entitlement Offer is expected to raise approximately A\$71.0 million. The purpose of the Entitlement Offer is to provide additional liquidity headroom and funds to be used by Lynas for the following purposes:

- cash restructuring charges required to reset the Company's cost base;
- service of debt; and
- business improvement initiatives aimed at improving production and sales effectiveness

If you are an Eligible Shareholder (defined below), you will be able to subscribe for 5 New Shares for every 14 existing shares that you hold as at 7:00pm (Sydney time) on Friday, 3 October 2014 at an offer price of A\$0.08 per Share (the **Offer Price**). For every two Shares that you subscribe for, you will receive one Entitlement Option. The Entitlement Options will expire at 5:00pm (Sydney time) on Tuesday, 15 September 2015 and will be exercisable at \$0.09. New Shares issued under the Entitlement Offer will rank equally with existing Lynas ordinary shares on issue. Fractional entitlements will be rounded down to the nearest whole number of Shares.

Following completion of the Entitlement Offer, Lynas will have 3,370,873,554 ordinary shares on issue and approximately 740,303,991 non-employee options on issue.

The Entitlement Offer is being made pursuant to a prospectus issued under section 713 of the *Corporations Act 2001* (Cth) (the **Corporations Act**) lodged with the Australian Securities and Investments Commission (**ASIC**) and the Australian Securities Exchange (**ASX**) on 29 September 2014 (and as amended or replaced) (**Prospectus**).

2 Eligibility Criteria – Eligible Shareholders

Shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) are shareholders who are registered Lynas shareholders as at 7:00pm (Sydney time) on Friday, 3 October 2014 and, at that time:

- (a) have a registered address in Australia or New Zealand (or reside in such other jurisdiction where Lynas determines to extend the Entitlement Offer, having regard to, among other things, the requirements of applicable law); and
- (b) are not in the United States and are not acting for the account or benefit of a person in the United States.

3 Prospectus

This letter is not an offer to issue New Shares or Entitlement Options to you, but rather an advance notice of some key terms and conditions of the Entitlement Offer. Full details of the Entitlement Offer are set out in the Prospectus lodged with ASIC and ASX 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 New Shares and Entitlement Options under the Entitlement Offer will be made in, or accompanied by, a copy of the Prospectus.

As an Eligible Shareholder, from Thursday, 9 October 2014, you will be mailed a Prospectus, together with a personalised entitlement and acceptance form (**Entitlement and Acceptance Form**) which contains details of the number of New Shares for which you, as an Eligible Shareholder, are entitled to subscribe for under the Entitlement Offer (**Entitlement**). You should read the entire Prospectus carefully before deciding whether to participate in the Entitlement Offer. Applications for New Shares must be made on the Entitlement and Acceptance Form included in, or accompanying, the Prospectus.

The Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 20 October 2014. To participate, you need to ensure that you have completed your application by paying the application monies by Bpay®, or by lodging your Entitlement and Acceptance Form with your application monies paid by cheque, bank draft or money order so that they are received before this time in the manner described in this Prospectus.

If you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on ASX between Wednesday, 1 October 2014 and Monday, 13 October 2014 (the **Entitlement Offer Trading Period**) or transfer all or part of your Entitlement directly to persons who satisfy the eligibility criteria as described in Section 3 of the Prospectus.

If you choose to do nothing in respect of all or part of your Entitlement, all or part (as applicable) of your Entitlement will be acquired by the Underwriter.

4 Action Required

As an Eligible Shareholder you may take any of the following actions:

- (a) take up all or part of your Entitlement (see Section 3.1 of the Prospectus); or

- (b) sell all or part of your Entitlement to persons meeting certain eligibility criteria (see Section 3.1 of the Prospectus):
- (i) on the ASX; or
 - (ii) by transferring directly to another eligible person.

Your Entitlement may have value and it is important that you determine whether to (in whole or in part) take up, transfer, sell or do nothing in respect of your Entitlement. You should ensure that you understand the tax consequences of any action that you take or of doing nothing (see Section 9 of the Prospectus, which provides information on potential taxation implications for Australian resident and foreign resident shareholders).

5 Key Dates for Eligible Shareholders

Event	Date
Entitlement Offer announced	Monday, 29 September 2014
Prospectus lodged with ASIC and ASX	Monday, 29 September 2014
Issue of Placement Shares to institutions	Wednesday, 1 October 2014
"Ex" Date for the Entitlement Offer	Wednesday, 1 October 2014
Entitlements commence trading	Wednesday, 1 October 2014
Record Date for eligibility in the Entitlement Offer	7.00pm (Sydney time) Friday, 3 October 2014
Dispatch of Prospectus	Thursday, 9 October 2014
Entitlement Offer opens	Thursday, 9 October 2014
Entitlement trading ends	Monday, 13 October 2014
New Shares and Options commence trading on a deferred settlement basis	Tuesday, 14 October 2014
Entitlement Offer closing date	5.00pm (Sydney time), Monday, 20 October 2014
Issue of New Shares and Entitlement Options and Placement Options	Monday, 27 October 2014
Dispatch of holding statements for New Shares and Entitlement Options and Placement Options and cessation of deferred settlement trading	Monday, 27 October 2014
Commencement of normal settlement trading for New Shares and Entitlement Options and Placement Options	Tuesday, 28 October 2014
Option Expiration Date	5.00pm (Sydney time), Tuesday, 15 September 2015

The timetable above is indicative only and may be subject to change. Lynas reserves the right to amend any or all of these dates and times subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, Lynas reserves the right to extend the Closing Date, to accept late Applications under the Entitlement Offer (either generally or in particular cases) and to withdraw or vary the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares and Entitlement Options.

If you have any questions in relation to any of the above matters, please contact the Lynas Entitlement Offer Information Line on 1300 737 760 (local call within Australia) or +61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:15pm (Sydney time) Monday to Friday during the Entitlement Offer period.

The Lynas Board is pleased to offer this opportunity to you.

Yours sincerely



Andrew Arnold
Company Secretary



29 September 2014

Dear Shareholder

Lynas Corporation Limited – Renounceable Pro Rata Entitlement Offer Notification to Ineligible Shareholders

On 29 September 2014, Lynas Corporation Limited (**Lynas**) announced that it was conducting an underwritten, renounceable pro rata entitlement offer, with eligible Lynas shareholders entitled to subscribe for five new ordinary fully paid shares in Lynas (**Share**) for every 14 existing shares held, together with one option (**Option**) for every two new Shares subscribed for (the **Entitlement Offer**).

The Entitlement Offer was preceded by a placement of securities to a select number of institutional investors to raise \$12.0 million (the **Placement**). Under the Placement, subscribers will receive one Option for every two new Shares subscribed for.

The Entitlement Offer is being made pursuant to a prospectus issued under section 713 of the *Corporations Act 2001* (Cth) (the **Corporations Act**) lodged with the Australian Securities and Investments Commission (**ASIC**) and the Australian Securities Exchange (**ASX**) on 26 September 2014 (and as amended or replaced) (**Prospectus**). The Entitlement Offer has the potential to raise approximately A\$71.0 million.

The Prospectus and other announcements regarding the Entitlement Offer were lodged with the ASX on Monday, 29 September 2014.

This letter is to inform you about the Entitlement Offer, and to explain why you are not eligible to participate in the Entitlement Offer.

1 The Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders (defined below) will be able to subscribe for five Shares for every 14 existing shares that they hold as at 7:00pm (Sydney time) on Friday, 3 October 2014 at an offer price of A\$0.08 per Share (the **Offer Price**). For every two Shares that an Eligible Shareholder subscribes for, they will receive one Option. The Options will expire at 5:00pm (Sydney time) on Tuesday, 15 September 2015 and will be exercisable at \$0.09.

Eligible Shareholders will receive a Prospectus, together with a personalised entitlement and acceptance form which contains details of the number of Shares for which the Eligible Shareholder is entitled to subscribe for under the Entitlement Offer (**Entitlement**).

2 Eligibility Criteria – Ineligible Shareholders

Shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) are persons who are registered Lynas shareholders as at the Record Date of 7:00pm (Sydney time) on Friday, 3 October 2014 and, at that time:

- (a) have a registered address on the Lynas share register in Australia or New Zealand (or resides in such other jurisdiction where Lynas determines to extend the Entitlement Offer, having regard to, among other things, the requirements of applicable law); and
- (b) are not in the United States and is not acting for the account or benefit of a person in the United States.

Other than as set out above, Lynas has determined, pursuant to ASX Listing Rule 7.7.1(a), that it would be unreasonable to make offers to those shareholders who do not qualify as Eligible Shareholders (**Ineligible Shareholders**).

The restrictions upon eligibility to participate in the Entitlement Offer arise because of legal limitations in the jurisdiction in which you are located, the relatively small number of shareholders in your jurisdiction, the relatively small number of Lynas shares that shareholders in your jurisdiction hold and the potential cost of complying with regulatory requirements in your jurisdiction.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b), Lynas wishes to advise you that, as an Ineligible Shareholder, it will not be extending the Entitlement Offer to you and you will not be able to subscribe for Shares and Options under the Entitlement Offer.

3 Sale of Entitlements

Lynas has appointed the Underwriter as its nominee to sell the Entitlements of Ineligible Shareholders. The Underwriter intends to sell those Entitlements on ASX. The proceeds of such sale will be paid to Ineligible Shareholders, in proportion to their share of such Entitlements, net of brokerage commission and other expenses, as soon as practicable following completion of the Entitlement Offer and in accordance with their payment instructions recorded with the share registry.

There is no guarantee that any value will be received for the Entitlements through this sale process. The ability to sell Entitlements under the sale process and the ability to obtain a premium will be dependent on various factors, including market conditions. Neither Lynas nor the Underwriter will be liable, including for negligence, for any failure to sell the Entitlements or to sell those Entitlements at a premium.

The Entitlements will be tradable on the ASX. However, the assignment, transfer and exercise of the Entitlements trading on ASX will be restricted to persons meeting certain eligibility criteria. In particular, persons who are otherwise ineligible to participate in the Entitlement Offer will not be eligible to purchase or trade entitlements on the ASX or take up or exercise Entitlements purchased on ASX or transferred from another person.

Any proceeds received may have Australian and overseas tax consequences, depending on individual circumstances. You should seek professional tax advice regarding the taxation of any proceeds received.

4 No Action Required

This notice is to inform you about the Entitlement Offer. This letter is not an offer to issue Shares or Options to you, nor an invitation for you to apply for Shares or Options. You are not required to do anything in response to this letter.

If you have any questions in relation to any of the above matters, please contact the Lynas Entitlement Offer Information Line on 1300 737 760 (local call within Australia) or +61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:15pm (Sydney time) Monday to Friday during the Entitlement Offer period.

On behalf of the Board and management of Lynas, thank you for your continued interest.

Yours sincerely



Andrew Arnold
Company Secretary