

2 September 2011

Lynas Signs New Customer Contract with BASF Corporation

Lynas Corporation Limited (“Lynas”) (ASX:LYC, OTC:LYSDY) is pleased to announce the signing of a new long term supply agreement with BASF Corporation (BASF) for the supply of Rare Earths to be produced at the Lynas Advanced Materials Plant (LAMP) in Malaysia.

BASF’s Fluid Catalytic Cracking business consumes lanthanum and the contract shall secure a substantial portion of BASF’s long term lanthanum requirements, with a pricing mechanism tied to market price.

Lynas’ Executive Chairman, Nicholas Curtis, said “Lynas is extremely pleased to sign a long term contract with BASF Corporation, a very important customer in the Rare Earths industry. The contract is another example of how Lynas is able to stabilise the important Rare Earths supply chains for major industrial users. Lynas is producing Rare Earths concentrate at its Mount Weld plant, and Lynas is on track for first feed of Rare Earths concentrate at the LAMP in Malaysia in the fourth quarter of 2011. This is significantly ahead of other new Rare Earths projects that have been announced outside China. We will continue to develop long term and close relationships with industrial partners who require Rare Earths. We believe this contract again endorses the standards and quality to which the LAMP is being built in Malaysia”.

The contract shall be for product supplied from both Phase 1 and the Phase 2 expansion of the LAMP. Phase 1, with capacity of 11,000 tonnes REO per annum, is scheduled for first feed of Rare Earths concentrate into the LAMP in the fourth quarter of 2011. The Phase 2 schedule is 12 months after Phase 1 and will double the LAMP capacity to 22,000 tonnes REO per annum.

The BASF contract and other contracts in hand account for the substantial portion of the LAMP’s lanthanum production from both Phase 1 and Phase 2. The company continues to be actively engaged with potential customers in Europe, Japan and the USA.

About Lynas Corporation

Lynas owns the richest known deposit of Rare Earths, also known as Lanthanides, 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 is concentrating the ore mined at Mount Weld in a Concentration Plant approximately 1.5km from the mine. The concentrate produced by the Concentration Plant will be shipped in sea containers and transported by road and ship to the east coast of Malaysia to the Lynas Advanced Materials Plant (LAMP) within the Gebeng Industrial Estate, Kuantan, Pahang, Malaysia, to process the Mount Weld concentrate through to separate Rare Earths products.

Construction of Phase 1 of the Lynas Rare Earths Project is being funded from existing cash of Lynas. Funding facilities for construction of Phase 2 of the Lynas Rare Earths Project have been secured. The Concentration Plant in Western Australia commenced feed of ore on 14 May 2011 and is performing well. First feed of concentrate at the LAMP is scheduled to be achieved in the fourth quarter of 2011. Lynas has received all required approvals to construct the LAMP, and is in the process of applying for all pre-operation and operation approvals.

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.

'Rare Earths' is the term given to fifteen metallic elements known as the lanthanide series, plus yttrium. They play a key role in green environmental products, from energy efficient compact fluorescent light bulbs (CFLs) to hybrid cars, automotive catalytic converters and wind turbine generators. They are also essential in the development and manufacturing of many modern technological products, from hard disc drives to flat panel displays, iPods and magnetic resonance imaging (MRI) scans.

Lynas American Depositary Receipts (ADRs) trade under the code LYSDY (CUSIP number 551073208). The Bank of New York Mellon is the depositary bank in respect of Lynas ADRs.

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