

3 August 2009

CNMC TRANSACTION UPDATE

Lynas Corporation Limited (ASX: LYC) provides the following further update concerning the equity investment by China Nonferrous Metal Mining (Group) Co., Ltd ("CNMC") that was announced on 1 May 2009.

Lynas understands that the Australian Foreign Investment Review Board ("FIRB") has not yet made a decision concerning the transaction, and therefore the 30 day time period for FIRB review of the transaction will now expire in early September 2009. There has been no change to the agreed terms of the CNMC transaction, as announced on 1 May 2009. Both parties remain committed to the CNMC transaction.

As announced on 31 July 2009, Lynas has sufficient cash at bank to cover Lynas' cash flow requirements until approximately mid-October 2009. Lynas is in advanced discussions concerning a contingency structure to cover Lynas' cash flow requirements. Such a contingency structure would only be needed to cover Lynas' cash flow requirements if there is a further delay in the transaction timetable beyond that specified above. Further details will be provided at the time that the contingency structure is finalized.

About Lynas Corporation

Lynas owns the richest 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 suspended work on the Lynas Rare Earths project in February 2009. Lynas has received all environmental approvals to build a Concentration Plant at Mount Weld and an Advanced Materials Plant to process the Mount Weld concentrate through to final Rare Earths oxides in the Gebeng Industrial Estate, Kuantan, Pahang, Malaysia.

On 1 May 2009 Lynas announced the introduction of a new majority shareholder, CNMC, subject to approvals, who will arrange provision of new capital through an equity subscription and Chinese bank finance for the completion of construction and commissioning of the Lynas Rare Earths project. The business model remains unchanged with the Concentration Plant to be built at Mount Weld, Western Australia, and the Advanced Materials Plant to be built in Malaysia. Lynas' marketing strategy remains unchanged with a focus on Japan, North America and the European Union including fulfilling existing sales contracts.



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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.

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