Corporate Office
Lvl 7, 56 Pitt Street
Sydney, NSW 2000
Australia

Telephone: +61 2 8259 7100
Facsimile: +61 2 8259 7199
Website: www.lynascorp.com
ACN: 009 066 648

29 September 2009

Lynas Corporation announces Equity Raising

Capital to be used to fund Phase 1 of the Lynas Rare Earths Project

Lynas Corporation Limited (ABN 27 009 066 648) (ASX code: LYC) (**Lynas** or the **Company**) today announced that it will undertake a fully underwritten issue of new fully paid ordinary shares in Lynas (**New Shares**) to raise gross proceeds of up to approximately A$450 million (the **Capital Raising**). Proceeds of the Capital Raising will be used to fund the completion of Phase 1 of the Lynas Rare Earths Project (the **Project**), enabling the company to lift the suspension of the Project and complete construction and commissioning of both the Concentration Plant in Western Australia and the Advanced Materials Plant in Malaysia.

The decision to conduct the Capital Raising was made following the announcement on 24 September 2009 of the termination by China Nonferrous Metal Mining (Group) Co., Ltd (**CNMC**) of its Heads of Agreement with Lynas in relation to a proposed equity and debt investment.

Commenting on the decision to undertake the Capital Raising, Lynas' Executive Chairman, Mr. Nicholas Curtis said, "This is an opportunity to invest in Lynas with its high quality Rare Earths Project which will be funded to completion of Phase 1 of the Project. Through Mt Weld, Lynas owns the richest deposit of Rare Earths in the world and its Phase 1 target production of 10,500t Rare Earths Oxides will help to fill the supply - demand imbalance expected in the future."

"Lynas is committed to growth and the current expectation is that Lynas will move forward with the development of Phase 2 of the Rare Earths Project to 21,000t Rare Earths Oxides per annum as soon as possible after completion of Phase 1."

"The proposed equity raise will ensure Lynas maintains a conservative capital structure and balance sheet flexibility as it seeks to fund future expansion."

Capital Raising Overview[1]

The Capital Raising will be undertaken at a price of A$0.45 per New Share (**Offer Price**), and will comprise three tranches:

[1] In-principle relief has been granted by ASIC to allow Lynas to conduct the Capital Raising on an undocumented basis under sections 708A and 708AA of the Corporation Act (Cth) 2001 as modified by ASIC Class Order 08/35. Formal instruments of relief have not yet been obtained and will be required before the offer to retail investors is made.

i) Approximately A$88 million underwritten unconditional placement of New Shares to existing institutional shareholders and other institutional investors (**Unconditional Placement**);

ii) 1-for-1 underwritten non-renounceable pro-rata entitlement offer (**Entitlement Offer**) to existing shareholders to raise approximately A$295 million:

- The Entitlement Offer will be conducted on the basis of 1 New Share for every 1 existing Lynas ordinary share (**Share**) held (**Entitlement**) at 5.00pm (WAST) on Tuesday, 29 September (**Record Date**)
- The Entitlement Offer will include an A$130 million institutional component (**Institutional Entitlement Offer**) and an A$165 million retail component (**Retail Entitlement Offer**)
- The Offer Price of A$0.45 per New Share represents a:
  - 50.0% discount to last close of A$0.90 (last trade on 23 September 2009, prior to trading halt)
  - 33.3% discount to TERP[2] of A$0.675; and

iii) Approximately A$67 million underwritten conditional placement (**Conditional Placement**)

- Settlement of this tranche is subject to shareholder approval at an EGM proposed to be held on Monday, 9 November 2009.

Entitlement Offer Structure

The Entitlement Offer is non-renounceable. This means that Lynas shareholders who do not take up their Entitlement to participate in the Entitlement Offer will not receive any value for those Entitlements, and their equity interest in Lynas will be further diluted. Entitlements cannot be traded on ASX nor otherwise transferred.

- **Institutional Entitlement Offer**

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer between Tuesday 29 September 2009 and Wednesday 30 September 2009.

New Shares equal in number to those not taken up by eligible institutional shareholders and those which would otherwise have been offered to ineligible institutional shareholders will be offered for subscription to other qualifying institutional investors. Lynas expects to announce the outcome of the Institutional Entitlement Offer to the market prior to the start of trading on Thursday, 1 October 2009.

[2] Theoretical ex-rights price. Excludes the New Shares to be issued under the Unconditional Placement and the Conditional Placement

- **Retail Entitlement Offer**

  Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer on the same terms as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Wednesday, 7 October 2009 and close at 5.00pm (WAST) on Friday, 23 October 2009.

  Eligible retail shareholders are those holders of Shares who:

  - Are registered as a holder of Shares as at the Record Date;
  - Have a registered address in Australia or New Zealand;
  - Are not in the United States and are not, and are not acting for the account or benefit of, any U.S. Person;
  - Are not an institutional shareholder or ineligible retail shareholder; and
  - Are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Stock Lending

Eligible shareholders will be entitled to apply for 1 New Share for every 1 Share held as at 5.00pm (WAST) on the Record Date, being Tuesday, 29 September. In the event a Lynas shareholder has Shares out on loan, the borrower will be regarded as the shareholder for the purposes of determining the Entitlement (provided that those borrowed shares have not been on-sold).

Business update and proposed use of proceeds

Lynas announced to the market on 10 February 2009 that the Company was suspending work on the Project pending finalisation of a revised financing structure.

On 1 May 2009, Lynas announced that it had entered into a Heads of Agreement with CNMC in relation to a proposed equity and debt investment, subject to a number of conditions including the Australian Foreign Investment Review Board (**FIRB**) approval. On 24 September 2009, Lynas announced that CNMC had terminated consideration of its proposed equity investment in Lynas because of additional undertakings sought by FIRB.

Upon completion of the Capital Raising, the Company will lift the suspension on the Project and use the proceeds to fund the completion of Phase 1 of the Project, as summarised below:

Sources and Uses

Sources	A$mm
Existing cash balances	$4.1
Proceeds from Capital Raising	450.0
Total	**$454.1**

Uses	A$mm
Construction and other capital costs – Phase 1	$314.5
Working capital and production ramp-up costs – Phase 1	120.6
Estimated fees and expenses	19.0
Total	**$454.1**

Summary of Phase 1 Capital and Operating Costs

A significant proportion of the equipment and procurement capital costs (as noted below) are contracted.

Construction & Other Capital Costs	Total A$mm	Capex spent to date A$mm	Future capex A$mm
WA Concentration Plant	$59.5	$13.6	$45.9
Gebeng Cracker & Separator Plant	233.5	40.9	192.6
Engineering & Project Management Costs	100.0	69.7	30.3
Other Capex including Land at Gebeng	74.1	54.4	19.7
Contingency (approximately 9%)	26.1	0.0	26.1
Total[3]	$493.1	$178.6	$314.5

Working Capital & Production Ramp-up Costs	Future spend A$mm
Western Australia	$42.9
Gebeng	52.2
Finance, Admin, Marketing, Technical & Corporate Overheads (incl. suspension costs)	25.5
Total[3]	$120.6
Total Cash Requirement	**$435.1**

[3] Totals may not add up to sum of individual line items due to rounding

Pro forma Balance Sheet

Following the Capital Raising, Lynas will strengthen its balance sheet and be funded to completion of Phase 1 of the Project:

Assets	30 June 2009 (A$mm)	Pro forma 30 June 2009 (A$mm)
Cash at bank	$16.7	$447.7
PPE	151.5	151.5
Other assets	49.7	49.7
Total assets	$217.9	$648.9

Liabilities	30 June 2009 (A$mm)	Pro forma 30 June 2009 (A$mm)
Debt	0.0	0.0
Other liabilities	19.9	19.9
Total liabilities	$19.9	$19.9
Net assets	**$198.0**	**$629.0**

Rare Earths Project

Mt Weld Deposit and Concentration Plant

Mt Weld is located in the North-eastern Goldfields of Western Australia, approximately 32 kilometres southeast of Laverton, and 10km east of the Barrick Gold Corporation Granny Smith gold mine, formerly owned by Placer Dome. The Project is based on the Mt Weld carbonatite deposit, a concentration of Rare Earths elements.

The Mt Weld area is covered by four mining leases. Lynas, through its wholly owned subsidiary Mt Weld Mining Pty Limited, is the registered holder of three leases; the fourth lease is owned by CSBP Limited (**CSBP**). On 13 August 2009 Lynas announced that it had signed a formal sale agreement with CSBP to acquire apatite (phosphate) rights at Mt Weld owned by CSBP, allowing it also to acquire legal title of the CSBP mining lease.

The Mt Weld carbonatite intrusive was discovered in 1966 by follow-up investigation of a circular magnetic anomaly. Various parties have owned, or held interests in the deposit. Lynas first acquired its interest in the Project through the acquisition of Mt Weld Rare Earths Pty Limited in November 2000, and acquired 100% control of Mt Weld Mining Pty Limited (the tenement holding company) in April 2002. The deposit has been largely defined by reverse circulation drilling with some limited diamond drilling.

It is proposed to mine the ore from the Central Lanthanide Deposit at Mt Weld by open pit methods in a series of mining campaigns. The first mining campaign has been completed and approximately 770,000t of Rare Earths mineralised material has been stockpiled on site according to lithology and grade.

The deposit has an average overburden thickness of 25-30 metres comprising clay lake sediments and alluvial sands and gravels. The ore zone has an average thickness of 35m with a maximum thickness of around 60m. The maximum planned pit depth is approximately 90m.

At the Mt Weld site some initial earthworks and concrete foundation works have been completed for the concentration plant. Following completion of Phase 1, the concentration plant will have a capacity of 140,000tpa of ore and is expected to produce up to 35,000tpa of concentrate grading 40% Rare Earth Oxides (**REO**).

Malaysian Advanced Material Plant

Lynas is currently constructing an Advanced Material Plant (**AMP**) at Kuantan in the state of Pahang in eastern Malaysia. At the time of the Project's suspension, the site construction works were well advanced with piling approaching completion, storm water drains and holding ponds constructed, perimeter security fencing installed and site construction roads established. The site administration building framework was erected and the site main sub-station foundation completed. The site construction contractors have now de-mobilised; however, upon receiving full funding, site activity will recommence immediately.

Engineering works are sufficiently advanced to enable site activity to resume immediately upon receiving full funding. Further detailed engineering will be on-going alongside construction activity for several months after the re-start.

A significant proportion of major vendor supplied equipment has been contracted and is at an advanced stage of construction, and in some cases, delivered. The majority of the balance of equipment vendors, including all long lead-time items, have been identified.

Following completion of Phase 1, the REO plant will have a capacity to treat approximately 35,000tpa of concentrate grading 40% REO to produce 10,500tpa REO.

Marketing agreements

Lynas has signed four supply contracts and two letters of intent to date with major chemical companies that are global participants in the Rare Earths sector. The customer base has expressed continued support for the company and intent to purchase Lynas product.

Shareholder Enquiries

Retail shareholders will be sent details of the Lynas Capital Raising shortly. Retail shareholders who have questions regarding the Retail Entitlement Offer should call Lynas' Share Registry on (+61 8) 9315 2333 at any time from 8.00am to 5.00pm (WAST) Monday to Friday from Wednesday, 7 October 2009 to Wednesday, 4 November 2009.

Disclaimer

This press release does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States, or to any person that is or is acting for the account or benefit of any U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”)) (“U.S. Person”), or in any other jurisdiction. The securities in the proposed offering have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to or for the account or benefit of U.S. Persons except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

Caution regarding forward-looking statements

This press release contains forward-looking statements, which can usually be identified by the use of words such as such as “should”, “could”, "may", "will", "expect", “predict”, "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. These forward-looking statements, opinions and estimates provided in this news release are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Further, such forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this news release. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. Some of these risks are set out in Annexure A "Risk disclosure". You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to us as of the date of this news release. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements. The historical information in this announcement is, or is based upon, information that has been released to the market. For further information, please see announcements released to ASX including the Full Year accounts for the financial year ending 30 June 2009 which were released to the market on 29 September 2009.

Lynas CORPORATION LTD

Annexure A – Risk Disclosure

1 Introduction

A number of risks and uncertainties, which are both specific to Lynas and of a more general nature, may affect the future operating and financial performance of Lynas and the value of Lynas shares. You should carefully consider the following risk factors, as well as the other information provided to you by Lynas in connection with the Capital Raising, and consult your financial and legal advisers before deciding whether to invest in the New Shares. The risks and uncertainties described below are not the only ones facing Lynas. Additional risks and uncertainties that Lynas is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Lynas' operating and financial performance.

2 Operational risks

Lynas is investing a significant amount of capital on a single project, the Rare Earths Project. The Project may be further delayed or be unsuccessful for many reasons, including unanticipated financial, operational or political events, cost overruns, decline in Rare Earths commodity prices and demand, equipment and labour shortages, technical concerns including possible reserves and deliverability difficulties, environmental impacts, increases in operating cost structures, community or industrial actions or other circumstances which may result in the delay, suspension or termination of Lynas' capital projects, the total or partial loss of the investment and a material adverse effect on Lynas' results of operations and financial condition.

a) Nature of mineral exploration and production

Mineral exploration and production involves risks, which even a combination of experience, knowledge and careful evaluation may not be able to be adequately mitigated. Mining operations are subject to hazards normally encountered in exploration and production. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment, which may cause a material adverse impact on Lynas' operations and its financial results. Commissioning of production at all projects may not proceed to plan with potential for delay in the timing of targeted production, and Lynas nay not achieve the level of targeted production. Production levels may also be affected by factors beyond Lynas control.

b) Mineral and ore reserves

No assurance can be given that the anticipated tonnages and grades of ore will be achieved during production or that the indicated level of recovery will be realised. Material price fluctuations, as well as increased production costs or reduced recovery rates, may render ore reserves containing relatively lower grades uneconomic and may ultimately result in a restatement of such ore reserves. Moreover, short-term operating factors relating to ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore types or grades may cause a mining operation to be unprofitable in any particular accounting period.

c) Construction risks

Whilst the current cost estimates regarding the construction of its Mt Weld Concentration Plant and Malaysian Advanced Materials Plant are the best estimates currently available, there is no guarantee that final costs will equal current estimates.

d) Processing risks

Whilst a pilot concentration plant has been completed there is no certainty that the full-scale concentration plant will perform to design specifications.

The Rare Earths Cracking section of the Malaysian AMP has been pilot plant tested, however, there is no certainty on the time it will take to achieve steady state operation, due to scale-up and other potential commissioning issues.

The solvent extract and finishing section of the Malaysian AMP is based on well understood industry accepted technology but there can be no certainty on achieving design capacity.

e) Project developments

Project developments in which Lynas is, or may become, involved are subject to risks, including technical risk. Changes in reserves, commodity prices, exchange rates, constructions costs, design requirements and delays in construction may adversely affect the commerciality and economics of project development.

f) Other operational risks

In addition, industrial and labour disputes, work stoppages and accidents, logistical and engineering difficulties may also have an adverse effect on Lynas' profitability and share price.

3 Rare Earths market demand and price risks

Lynas' business relies primarily on the production and sale of Rare Earths products to a variety of buyers. Fluctuations in the global Rare Earths market may materially affect Lynas' financial performance. Demand for, and pricing of, Rare Earths products remain sensitive to external economic and political factors, many of which are beyond Lynas' control, including: worldwide Rare Earths supply and demand; the level of economic activity in the markets Lynas serves; regional political developments in Rare Earths-producing countries and regions (in particular China as the major producer of Rare Earths); the weather; the price and availability of new technology; and the availability and cost of Rare Earths substitutes. Accordingly, it is impossible to predict future Rare Earths price movements with certainty. Any sustained low Rare Earths prices or further declines in the price of Rare Earths will adversely affect Lynas' business, results of operations and its ability to finance planned capital expenditures, including development projects.

Sales contracts with various counterparties have been, and are further expected to be, entered into in relation to the Project, including two letters of intent (which are subject to entry into definite documentation). The conditionality and ability of the counterparties to meet their commitments under such arrangements may impact on Lynas' investment in the Project.

4 Credit and market risks

a) Currency risk

Lynas' operations incur expenditures principally in the local currencies of Malaysia and Australia. Revenue from operations and certain other capital and operating costs are in US dollars. Accordingly, Lynas is exposed to foreign exchange rate fluctuations which may materially affect its financial position and operating results.

b) Counterparty risk

As part of its ongoing commercial activities, Lynas enters into sales contracts with various third parties for the supply of chemicals and other materials. The ability of counterparties to meet their commitments under such an arrangement may impact on Lynas' business and financial condition.

c) Access to capital risk

Lynas' business and, in particular, development of large scale projects, relies on access to debt and equity financing. There is a risk that Lynas may not be able to access capital from these markets which would impact the ability to develop these projects.

d) Competition

Lynas' Rare Earths supply contracts and profits may be adversely affected by the introduction of new mining and development facilities and any increase in competition in the global Rare Earths market either of which could increase the global supply of Rare Earths and thereby potentially lower prices.

5 Regulatory and environmental risks

a) General regulatory risks

Lynas' business is subject, in each of the countries in which Lynas operates, to various national and local laws and regulations relating to the development, production, marketing, pricing, transportation and storage of Lynas' products. Permits from a variety of regulatory authorities are required for many aspects of mine operation and processing. A change in the laws which apply to Lynas' business or the way in which it is regulated could have a material adverse effect on Lynas' business and financial condition. Other changes in the regulatory environment (including applicable accounting standards) may have a material adverse effect on the carrying value of material assets or otherwise have a material adverse effect on Lynas' business and financial condition.

b) Environmental risks

Lynas' activities are subject to extensive laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment and interests of local communities. In the context of obtaining environmental permits, including the approval of reclamation plans, Lynas must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. With increasingly heightened government and public sensitivity to environmental sustainability, environmental regulation is becoming more stringent, and Lynas could be subject to increasing environmental responsibility and liability, including laws and regulations dealing with air quality, water and noise pollution and other discharges of materials into the environment, plant and wildlife protection, the reclamation and restoration of certain of its properties, greenhouse gas emissions, the storage, treatment and disposal of wastes and the effects of its business on the water table and groundwater quality.

Sanctions for non-compliance with these laws and regulations may include administrative, civil and criminal penalties, revocation of permits and corrective action orders. These laws sometimes apply retroactively. In addition, a party can be liable for environmental damage without regard to that party's negligence or fault.

In addition, the Australian Federal Government has proposed a national emissions trading scheme. While it is currently proposed that the scheme will be implemented by 2011, there is no certainty it will occur in this timeframe. If the scheme is introduced in the form currently proposed by the Government (which is not certain), Lynas may be exposed to additional operating costs which will have an adverse impact on its financial performance. However, until the scheme is finalised, the impact of the scheme on Lynas' business and financial condition is uncertain.

c) Government actions

Lynas' operations could be affected by government actions in Australia, Malaysia and other countries or jurisdictions in which it has interests. These actions include government legislation, guidelines and regulations in relation to the environment, the Rare Earths sector, competition policy, native title and cultural heritage. Such actions could impact on land access, the granting of licenses and other tenements, the approval of developments and freedom to conduct operations.

The possible extent of introduction of additional legislation, regulations, guidelines or amendments to existing legislation that might affect Lynas' business is difficult to predict. Any such government action may require increased capital or operating expenditures and could prevent or delay certain operations by Lynas, which could have a material adverse effect on Lynas' business and financial condition.

d) Security of Tenure

The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on Lynas being successful in obtaining required statutory approvals for proposed activities. While Lynas anticipates that subsequent renewals will be given as and when sought, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

6 Tax risks

Lynas is subject to taxation and other imposts in Australia and Malaysia. Future changes in taxation laws in those countries, including changes in interpretation or application of existing laws by the courts or taxation authorities in those jurisdictions, may affect taxation treatment of Lynas securities or the holding or disposal of those securities.

In addition to the normal level of income tax imposed on all industries, companies in resources sector are required to pay government royalties, direct and indirect taxes and other imposts. The profitability of companies in these industries can be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies.

7 Political risks

Lynas has operations in Australia and Malaysia. Lynas is subject to a risk that it may not be able to carry out its overseas operations as it intends to and ensure the security of its assets located outside Australia, and is subject to risks of, among other things, loss of revenue, property and equipment as a result of hazards such as expropriation, war, insurrection and acts of terrorism and other political risks and increases in taxes and government royalties. The effects of these factors are difficult to predict and any combination of one or other of the above may have a material adverse effect on Lynas.

8 Dividend policy

Lynas has paid no dividends on Shares since its date of incorporation nor does it anticipate paying dividends on Shares during the current financial year. Lynas expects to retain all earnings and other cash resources in the short term for the future operation and development of its business. Payment of any future dividends will be at the discretion of Lynas' board of directors after taking into account many factors, including Lynas' operating results, financial condition and current and anticipated cash needs.

9 Risks relating to equity investments and markets

Investors should be aware that there are risks associated with any investment listed on ASX. The value of Lynas shares may rise above or fall below the Offer Price, depending on the financial condition and operating performance of Lynas. Further, the price at which Lynas shares trade on ASX may be affected by a number of factors unrelated to the financial and operating performance of Lynas and over which Lynas and its directors have no control. These external factors include:

- Economic conditions in Australia and overseas;
- Investor sentiment in the local and international stock markets;
- Changes in fiscal, monetary, regulatory and other government policies; and
- Geo-political conditions such as acts or threats of terrorism or military conflicts

Investors should note that the historic share price performance of Lynas shares provides no guidance as to its future share price performance.

Annexure B – Important Information

This announcement and the accompanying information have been prepared by Lynas.

Ends

Lynas stock symbols: LYC (Australian Securities Exchange)