24 September 2009

CNMC TRANSACTION UPDATE

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

As a result of additional undertakings recently sought by the Australian Foreign Investment Review Board (“FIRB”), CNMC has terminated the CNMC Transaction. The additional undertakings recently sought by the FIRB included reducing the proposed percentage ownership to be held by CNMC to below 50% and reducing the number of Board director positions to be held by CNMC to less than half of the Board. These were in addition to already agreed undertakings between Lynas and CNMC aimed at ensuring independent Director control of all marketing of rare earths products.

As at 23 September 2009, Lynas had approximately A$7.5 million cash at bank. Lynas is well advanced in finalizing interim funding to ensure that the company continues to have adequate working capital. Further details will be provided as soon as the interim funding 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.

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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