



11 May 2011

## **Lynas and Forge Terminate Agreements**

Lynas Corporation Limited ("Lynas") (ASX:LYC, OTC:LYSDY) refers to its announcements dated 16 March 2011, 28 March 2011 and 27 April 2011 setting out details of a proposed transaction with Forge Resources Limited ("Forge").

Following receipt of the Forge proposal, Lynas established an Independent Board Committee ("IBC") to consider all matters relevant to the proposal. The IBC appointed Grant Samuel to prepare an Independent Expert's Report. Grant Samuel provided an opinion that the proposal was fair and reasonable to the shareholders of Lynas not associated with Forge or Mr Nicholas Curtis, in the absence of a superior proposal.

The Forge proposal was subject to satisfaction of a number of conditions, including approval of the transaction by shareholders of Lynas.

Extensive engagement with major shareholders seeking feedback on the proposal revealed a strong desire for Lynas at this time to focus on its core strategy of delivering its Rare Earth project in Western Australia and Malaysia. Following that feedback, Lynas consulted with Forge to negotiate a termination of the transaction agreements. The Board of Forge has agreed to do so and each party has released each other from liabilities and obligations under the transaction agreements.

In consideration of Forge's agreement to terminate the transaction, Lynas will compensate Forge in the sum of \$600,000 (plus GST) for partial re-imbusement of direct third party costs incurred by Forge in relation to the proposed transaction.

Lynas expects the first feed of ore into the Concentration Plant in Western Australia to commence within a week, and the first feed of concentrate into the kiln at the Lynas Advanced Materials Plant (LAMP) in Malaysia is scheduled for September 2011.

### **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' core 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 will concentrate 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 separated Rare Earths products

Engineering and construction of both the Concentration Plant in Western Australia and the LAMP remain within budget. The first feed of ore into the Concentration Plant in Western Australia is scheduled to commence within a week. The first feed of concentrate to the kiln at the LAMP in Malaysia is scheduled for September 2011. Lynas has received all required approvals to construct both plants, 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, with production anticipated to commence in 2011.

'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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