



Investor Relations Call
Supporting Presentation
5 May 2009



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Introduction of China Nonferrous Metal Mining (Group) Co., Ltd (CNMC).

▶ Who are CNMC?

- An international mining company focused on nonferrous metals with both domestic China and overseas resource projects.
- CNMC activities in resource projects include exploration, design, construction, mining and refining.
- CNMC is administered by the State-owned Assets Supervision and Administration Commission of China (SASAC).

▶ Why CNMC as Lynas majority shareholder

- CNMC have a positive outlook on the Rare Earths industry
- Understand Lynas Rare Earths project strengths and cash flow potential
- Have the funds and mandate to grow their non-ferrous business and the current market is an opportune time to grow through acquisition
- Share the vision of Lynas, the business model will not change

CNMC equity and debt package gives Lynas access to US\$366 million (over A\$500 million)

▶ Equity issue to CNMC

- 700 million shares at A\$0.36 to give A\$252 million
- 52.5% above the 30 trading day VWAP
- CNMC will be the majority shareholder with 51.6% of the shares on issue

▶ Debt funding guarantee

- CNMC provide a corporate guarantee to a Chinese bank
- First senior loan of approximately US\$104,000,000
- Subsequent senior loan of an estimated US\$80,000,000

▶ Working capital facility

- CNMC will assist Lynas to obtain a US\$15,000,000 working capital facility
- Upon approvals this will be replaced by above facilities
- If approval are not obtained this will turn into a two year loan to Lynas

This provides full project funding for the phase 2 expansion to 21,000t REO production

Australian Dollar costs	CCY	Total Costs	Spent post suspension	Spend for completion
Mt Weld Mining Campaign	A\$	20	20	-
Mt Weld Concentration Plant	A\$	72	24	48
Australian Start Up Costs	A\$	28	3	25
Financing Costs	A\$	9	-	9
Corporate and other costs	A\$	35	-	35
Australian Dollar Total	A\$	164	47	117

US Dollar costs	CCY	Total Costs	Spent post suspension	Spend for completion
Advanced Materials Plant	US\$	235	70	165
Contingency	US\$	19	-	19
Malaysian Land	US\$	20	20	-
Malaysian Start Up Costs	US\$	31	6	25
Phase 2 expansion	US\$	80	-	80
Malaysian Total	US\$	385	96	289

Grand Total (@ 0.653 US\$:A\$)	US\$	492	127	366
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CNMC support the current business model and management team

Lynas vision:

Be a global leader in Rare Earths for a sustainable future

Production system

- Concentration Plant in Western Australia at Mount Weld
- Advanced Materials Plant on the East Coast of Malaysia near Kuantan

RED brand and Marketing Strategy

- Focus on Japan, Europe, and US markets
- Plans to deliver against current contracts

Board and Management

- Expanded to 8, with the Chairman having the casting vote
- Nicholas Curtis to remain Executive Chairman
- The current Executive team shall remain in place

Heads of Agreement is binding, but subject to approvals which may take 3 to 4 months

- ▶ All Australian and Chinese government regulatory approvals including from SASAC, the National Development & Reform Commission (NDRC), the Ministry of Commerce (MOFCOM) and the State Administration of Foreign Exchanges (SAFE) and the Australian Foreign Investment Review Board (FIRB).
- ▶ Approval by the shareholders of Lynas.
- ▶ Execution of all the transaction documents
- ▶ The discharge of all existing third party encumbrances over the assets of Lynas and its subsidiaries.
- ▶ No material adverse event occurring in respect of Lynas.
- ▶ No Lynas company taking any action or becoming subject to any event described in section 652C(1) and (2) of the Corporations Act or equivalent under the laws of any country.

Rare Earths Market Outlook

- ▶ Customers reported that few significant purchases of Rare Earths have been made since November 2008 due to inventory destocking
- ▶ The Q1 2009 the average quarterly price had dropped to US\$9.91.
- ▶ However, customers are anticipating inventories will be significantly absorbed throughout the supply chain by the end of 2009, after which normal purchasing will resume. This, in turn should bring price rises back towards 2008 levels.
- ▶ The rationale for this price move is that at current prices the Chinese producers are operating at are cash costs of production, which explains why prices for Rare Earths have not decreased to the extent of other commodity metals such as nickel

Concentration Plant Status at Mt Weld

- ▶ **Engineering Design completed**
- ▶ **All Approvals in place**
- ▶ **Contract Status on-site**
 - Bulk earth works Downer EDI Completed
 - Construction contract Abesque Engineering On hold
 - Steam generation RCR Energy Systems On hold
 - Power station Kalgoorlie Power Systems On hold
 - Reverse Osmosis Plant Osmoflow On hold
- ▶ **All major equipment procured and to be stored in Australia**

Malaysian Advanced Material Plant Status

- ▶ **Engineering Design to be completed**
- ▶ **All Approvals in place**
- ▶ **Contract Status on-site**
 - Bulk earth works Substantially completed
 - Piling Completed
 - Concreting works On hold
 - Other construction contracts Yet to be let, on hold
- ▶ **Most major equipment to be held at current production point and stored with manufacturer**