20 January 2010

Lynas Extends Rare Earths Supply Contract and Signs a Technical Co-operation Agreement with Rhodia

Key Points:

- Rhodia supply contract for Mount Weld Rare Earths extended to 10 years
- RED brand setting a benchmark for security of supply and environmental protection
- Through these contracts Rhodia further strengthens its global leadership position and its security of raw material sourcing
- A Technical Cooperation Agreement with Rhodia signed to support operational planning, commissioning and ramp-up of the Advanced Material Plant

Lynas Corporation Limited (“Lynas”) (ASX code LYC) is pleased to announce the Supply Contract signed with Rhodia (formerly Rhodia Electronics & Catalysis) for the supply of Mount Weld Rare Earths to be produced by the company’s subsidiary Lynas Malaysia Sdn. Bhd. in its Advanced Material Plant has been extended from a five year contract to a ten year contract.

This contract extension by a globally significant consumer of Rare Earths reinforces the RED brand of Lynas is establishing itself as the benchmark for the security of supply in the Rare Earths market and is welcomed by customers at a time when demand is increasing strongly but current supply is restricted and ever more uncertain. The core company values of excellence in health, safety and environment also enhance the RED brand value proposition to companies such as Rhodia whose brand states “Chemistry is our world, responsibility is our way”. This ten year contract assists strategic planning for customer relationships and product development for both companies.

The contracted quantities account for a significant portion of the cerium and heavier Rare Earths, including europium and terbium, as well as other products such as lanthanum from the Lynas processing plant’s initial 11,000 tonnes REO capacity, due to commence production in the first half of 2011.

In addition Rhodia and Lynas Malaysia Sdn Bhd have signed a Technical Co-operation Agreement (TCA). The TCA outlines technical support to be provided by Rhodia for the separation and product finishing sections of the Advanced Material Plant during the operations planning, commissioning and ramp-up of the plant. Rhodia is uniquely qualified to assist Lynas in this area as Rhodia currently operates similar plants in both France and China. Both Lynas and Rhodia anticipate that co-operation on the development of the separation processing of the Advanced Materials Plant would bring significant benefits of acceleration and de-risking of the commissioning and ramp-up of the plant leading to more assured on-specification product deliveries to customers.
Lynas’ Executive Chairman, Nicholas Curtis, stated “Stability of Rare Earths supply chains is vital to support the growing demand for the important applications which rely on Rare Earths. As current production is curtailed due to production quotas and environmental concerns in China, Lynas can bring stability of supply by not only owning the source of our products in the ground at Mount Weld, but also by processing them in world class production facilities which are designed to meet the strict environmental requirements of Australia and Malaysia.”

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’ strategy to create a reliable, fully integrated source of Rare Earths supply from the mine through to customers in the global Rare Earths industry.

Development of the mine is complete and in November 2009 Lynas completed an A$450million capital raising to enable the completion of construction of the 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. Lynas has received all required approvals to construct both plants.

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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