

7 March 2011

Lynas Completes the Acquisition of Rare Earths Resource

Key Point:

- ***Lynas has completed the acquisition of the fully permitted Kangankunde Rare Earths Resource in Malawi, Africa for the contract sum of US\$4 million***

Lynas Corporation Limited (“Lynas”) (ASX:LYC, OTC:LYSDY) is pleased to announce, further to the ASX announcement of 22 December 2010, completion of the settlement formalities for the purchase of the Kangankunde Carbonatite Complex (KGK), Malawi, Africa. The purchase price for the assets, as agreed in 2007 at US\$4 million net of VAT, has been paid in full.

The deposit has an Inferred Resource of 107,000 tonnes of Rare Earths Oxide (REO) at an average grade of 4.24% REO using a 3.5% REO cut-off grade. At a 3% REO cut-off grade the resource increases to 180,000 tonnes REO and remains open at depth. The deposit also contains strontianite and phosphate minerals which Lynas will actively examine to determine whether they can be economical by-products. Importantly, the deposit has extremely low natural radiation levels for a Rare Earths deposit, with an average of 11ppm thorium oxide per percentage of REO content.

Completed test work shows the deposit is amenable to a low cost gravity separation concentration process producing a 60% REO concentrate.

Next steps

The completion of the purchase of KGK now allows Lynas to commence development of the project. The Company will commence an accelerated development programme.

Works scheduled for completion during the next 12 months will focus on three key areas:

1. Establishment of a Lynas Africa corporate office in Blantyre, Malawi.
2. Preparation of mine site for development work which shall include:
 - i. Review and upgrade the environmental management plan
 - ii. Complete and refurbish existing on-site accommodation, office and workshop buildings
 - iii. Connect water and power to the site
 - iv. Reopen and make safe the existing adit
 - v. Make good access roads.

3. Undertake a technical validation program upon completion of the site establishment works. This work program shall include:
 - i. Geological mapping
 - ii. A drill program to provide drill cores to confirm the grade of previous drill results and the previously defined resource estimate, and also to test the potential of increasing the resource
 - iii. A metallurgical test work program to validate a concentrate production flow sheet based upon the BRGM, Multotech and Mintek test data and utilising the concentration plant designed and manufactured by Multotech, please refer to the prior announcement dated 22 December 2010.

Following the completion of the above works an engineering, construction and mining schedule can then be developed.

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.

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 on target for March 2011. The first feed of concentrate to the kiln at the LAMP in Malaysia is on target for the third quarter of 2011. 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, 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). Each Lynas ADR is equivalent to 10 ordinary shares of Lynas as traded on the Australian Securities Exchange (ASX). The Bank of New York Mellon is the depositary bank in respect of Lynas ADRs.

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“The information in this report that relates to Mineral Resources is based on information compiled by Dr P L Hellman who is a Fellow of the Australian Institute of Geoscientists and a Director of Hellman & Schofield Pty Ltd. Dr. Hellman has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the resource estimation he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”. Dr. Hellman consents to the inclusion in the report of the matters based on their information in the form and context in which it appears”.

“Information in this report relating to marketing, price and processing issues is based on information compiled by Dr. M. James who is a full time employee of Lynas Corporation. Dr. James has sufficient experience relevant to these issues to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”. Dr. James consents to the inclusion in the report of the matters based on their information in the form and context in which it appears”.