

Relocation of Processing Plant to Chemical Industrial Area in Pahang, Malaysia

On 24 August 2007 the company received advice from the federal office of the Malaysian Industrial Development Authority (MIDA) stating “the Malaysian Government would like to seek your kind consideration for an alternative location for the project. Given the nature of your project and with the presence of dedicated industrial areas for petrochemical and chemical projects in the State of Pahang, where the required supporting facilities and infrastructure are in place, you may wish to consider relocating the project to this state”. The request was received following high level consultations between the federal Government of Malaysia and the Government of the State of Terengganu.

MIDA has identified a preferred location within Pahang at the Gebeng Industrial Area. Gebeng is 2.5km from Kuantan Port and approximately 30km to the south of the original planned site. The supporting facilities and infrastructure required for the processing plant are well developed at Gebeng and include:

- Filled site, which reduces the site preparation requirements
- Required electricity, gas, water, and steam infrastructure
- Complete logistics infrastructure including roads, a railway line to port side, and port facilities for both containers, liquid chemicals, and dry bulk materials

The Gebeng Industrial Area houses significant international petrochemical and chemical plants. Companies with facilities in the industrial area include:

- BP Amoco Corporation
- WR Grace & Co
- BASF-Petronas Chemical S/B
- Eastman Chemical (M) Sdn. Bhd.

Two available land parcels within the industrial area have the necessary size and infrastructure to accommodate the proposed processing plant, including the planned expansion to 20,000 tonnes per annum REO. Engineering changes to the current design are expected to be minimal.

The change in location will require a new assessment of the baseline environmental conditions in order to properly evaluate the environmental impact of the plant within the changed location, followed by a new submission to the Department of Environment.

Commencement of site works is anticipated to be delayed by between three to six months.

Lynas' Executive Chairman, Nicholas Curtis, said “The company respects the Governments' decision to suggest a change of location for the plant. The proposed new location is well established and has all the conditions required for our operation. The financials of the project are robust and I am confident that the delay will not impact the positive outlook for the company in a climate where the demand for our products continues to grow strongly.”

About Lynas Corporation

Lynas owns the richest deposit of Rare Earths in the world at Mt 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.

The mining contractor is currently on site and mining has commenced. 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 are essential in the development and manufacturing of many modern technological products, from disc drives to flat panel displays, iPods and magnetic resonance imaging (MRI) scans. They also 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.

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