

16 March 2011

## Market Update - Lynas Rare Earths Project

Lynas Corporation Limited (“Lynas”) (ASX:LYC, OTC:LYSDY) is pleased to provide this further update on the Lynas Rare Earths Project.

### 1. Mount Weld Concentration Plant

Despite the loss of a few weeks of on-site activity in February 2011 due to heavy rainfall associated with Cyclone Carlos and Cyclone Diana, commissioning of the Mount Weld Concentration Plant is progressing well.

The first feed of ore into the Mount Weld Concentration Plant is scheduled for the week commencing 31 March 2011, assuming that no further weather delays occur.



**Overview of the Concentration Plant**



**Flotation Section Viewed from Ball Mill area at the Concentration Plant**

### 2. Lynas Advanced Materials Plant, Gebeng, Malaysia

The first feed of concentrate into the kiln at the Lynas Advanced Materials Plant (“LAMP”) in Malaysia remains on schedule for the third quarter of 2011.

The Concentration Plant in Western Australia and the LAMP in Malaysia remain within overall budget.



Lynas has received all required approvals to construct both the Concentration Plant in Western Australia and the LAMP in Malaysia. The LAMP meets all of the safety and environmental standards for Malaysia as well as Australian and International standards.

Lynas is progressing as planned with any additional operational approvals required. The next step in the usual course of approvals for the LAMP is obtaining the Pre-Operational Licence. Lynas has submitted all information required for Pre-Operational Licence for consideration and approval, in accordance with the staged approval process in Malaysia.

The LAMP will also produce three Synthetic Mineral Products; Synthetic Gypsum, Magnesium Rich Gypsum, and Iron Phospho Gypsum. Ahead of operations commencing, Lynas is advancing development of commercial applications for all three products and has achieved significant progress in the past 12 months.

For Synthetic gypsum, Lynas has entered into commercial discussions with plasterboard and cement manufacturers.

Testwork has been successful for conversion of Magnesium Rich Gypsum into a product called Magnesium Fertiliser Booster. Field trials have demonstrated improved plant yield, improved soil structure, reduced fertiliser consumption and prolonged plant life.

For Iron Phospho Gypsum, testwork has also been successful in converting this into an environmentally stable form suitable for construction applications. Lynas is actively seeking commercial opportunities for long term use of this material.



**Cracking (Rotary Kiln)**



**Downstream Extraction**

Lynas has identified customers for all products and is preparing submissions to relevant authorities for approval of these applications.

### **3. Cash Cost of Production**

Lynas has updated its estimated cash cost of production assuming Phase 2 steady state operations at A\$10 per kilo of Rare Earths Oxide. This figure includes all cash costs (including administration costs in Western Australia and Malaysia) however it excludes head office overhead.

Lynas had previously estimated its cash cost of production to be approximately US\$7 per kilo of Rare Earths Oxide +/- 10%. The updated estimate arose from changes in exchange rates and movements in prices for key reagents.

The updated estimate includes the following highlights:

- (a) Approximately 62% of these cash costs are generated in Malaysia with the balance in Australia
- (b) Chemicals account for approximately 44% of total cash costs
- (c) Energy accounts for approximately 18% of total cash costs.

### **4. President and Chief Operating Officer**

Lynas is very pleased to announce the appointment of Eric Noyrez as President and Chief Operating Officer (COO) of Lynas Corporation Limited.

The appointment of Eric as President in addition to his existing COO role reflects the size and complexity of Lynas today. We are now emerging as a major industrial company, and a division of responsibility between Nick Curtis, as Executive Chairman, and Eric as President and COO, is essential to effective organisational development as we move forward.

Eric will lead the operational implementation of the Lynas rare earths project.

Eric has brought to Lynas a deep understanding of operational requirements and demonstrated clear leadership in implementing the required organisational attributes to ensure we will be able to deliver to our customers.

Eric's new role will permit Nick Curtis to focus more deeply on his key areas of responsibility within Lynas. Nick's key responsibilities will continue to include development of the organisational culture, strategy development, stewardship of the corporate capital structure, and external communications with key investors, communities, governments, strategic partners and other important external constituencies.



## 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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