

21 September 2012

Significant Increase in Ore Reserves at Mount Weld

Highlights

- **The Ore Reserves at the Central Lanthanide Deposit are now 9.7 million tonnes, at an average grade of 11.7% REO, for a total of 1.14 million tonnes of contained REO. This represents a 362% increase in Ore Reserves and a 260% increase in contained REO compared with the prior Ore Reserves contained in the 2005 Feasibility Study.**
- **The Ore Reserves represent more than 25 years mine life based on current production plans (22,000 tonnes per annum REO)**
- **Ore Reserves will provide the basis for expanded operations at Mount Weld**

Lynas Corporation Limited (ASX:LYC, OTC:LYSDY) is pleased to announce a significant upgrade of the Ore Reserves at Mount Weld. The new Ore Reserves are based on a mining study that re-optimised the pit design using the updated Mineral Resources estimate that was announced to the ASX on 18 January 2012.

The new Ore Reserves at the Central Lanthanide Deposit (CLD), using a cut-off grades ranging from 4 to 7% depending on the type of ore, are 9.7 million tonnes at an average grade of 11.7% REO for a total of 1.14 million tonnes of contained REO. The Ore Reserves estimate for the CLD is 362% higher compared with the 2005 estimate and the contained REO in the Ore Reserves is 260% higher than the 2005 estimate.

TABLE 1: CLASSIFICATION OF ORE RESERVES FOR THE CENTRAL LANTHANIDE DEPOSIT

| Ore Reserves Within Designed Pit Category | Million tonnes | REO (%) * | Contained REO ('000 tonnes) |
|--|----------------|-------------|-----------------------------|
| Proved | 4.9 | 12.7 | 622 |
| Probable | 4.1 | 10.0 | 410 |
| Designed Pit Total | 9.0 | 11.5 | 1,032 |
| Ore Reserves On Stockpiles Category | | | |
| Proved | 0.7 | 15.2 | 106 |
| Probable | 0.0 | 0.0 | 0 |
| Stockpiles Total | 0.7 | 15.2 | 106 |
| Total Ore Reserves Category | | | |
| Proved | 5.6 | 13.0 | 728 |
| Probable | 4.1 | 10.0 | 410 |
| Total | 9.7 | 11.7 | 1,138 |

* REO (%) includes all the lanthanide elements plus Yttrium

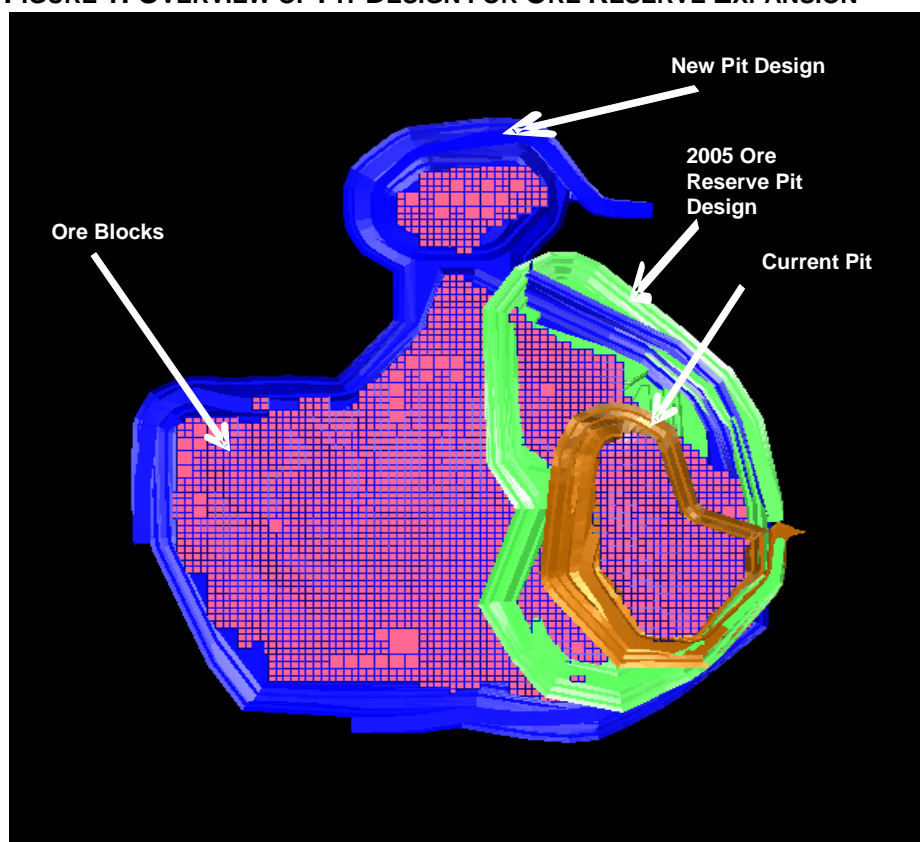
In announcing the latest Ore Reserves, Lynas Executive Chairman, Nicholas Curtis, said “the upgraded Ore Reserves confirm Mount Weld’s status as one of the richest rare earths deposits in the world. Mount Weld Ore Reserves now support our current production plans for more than 25 years. With the Temporary Operating Licence for the Lynas Advanced Materials Plant now in hand we look forward to supplying these critical rare earths products to our customers for many years to come”.

TABLE 2: COMPARISON OF 2012 ORE RESERVES ESTIMATE TO PRIOR ESTIMATE

| Ore Reserve Estimate | Million tonnes | REO (%) | Contained REO '000 tonnes |
|----------------------------------|----------------|---------|---------------------------|
| 2012 Ore Reserve Estimate | 9.7 | 11.8 | 1,138 |
| 2005 Ore Reserve Estimate | 2.1 | 15.2 | 316 |

Figure 1 outlines the development of the Mount Weld pit design following the upgrade of the Ore Reserves.

FIGURE 1: OVERVIEW OF PIT DESIGN FOR ORE RESERVE EXPANSION



| Criteria | Comments |
|---|--|
| Mineral Resource Estimate for Conversion to Ore Reserves | <p>The Mineral Resource model for the Mt Weld Project was developed by Lynas with the latest Resources announced on 18 January 2012. The Ore Reserves are based on a mining study that re-optimised the pit using the updated Resources with the latest cost estimates and pricing data.</p> <p>The Mineral Resource announced on 18 January 2012 is inclusive of the Ore Reserve.</p> |
| Study Status | <p>A Feasibility Study was completed in March 2005. Operations at the mine have stockpiled 0.7 Mt of ROM ore. The concentrate plant at Mt Weld started production in 2011 and has a nominal capacity of 11 kt/a REO. The Advanced Material Plant in Malaysia which will separate the concentrate into saleable products is complete and all licensing in place.</p> |
| Cut-off Parameters | <p>A cut-off grade was based on a positive net value of each block after considering the revenue for the saleable products and costs to process and recover them. On top of this a minimum cut-off of 4% REO was also applied for the CZ and LI material and a cut-off grade of 7% REO was applied to the AP material. At present only the Central Lanthanide Deposit has been included in the Ore Reserves.</p> |
| Mining Factors or Assumptions | <p>A dilution of 4% at zero grade with a 2% ore loss was assumed.</p> <p>The Ore Reserves are reported within a pit design which is based on a Whittle open pit optimisation. The optimisation was carried out including Measured and Indicated Resources only. The optimisation used a weighted average product price of \$51/kg.</p> <p>The overall pit slopes used for the design are based on geotechnical studies by Golder Associates.</p> |
| Metallurgical Factors or Assumptions | <p>The initial processing is carried out at the Mt Weld concentration plant where an REO concentrate is produced by flotation. This should recover about 70% of the REO and produce a 40% REO product that is to be shipped to the Lynas Advanced Materials Plant (LAMP) in Malaysia where the concentrate will be separated into a series of saleable rare earth products. The Mt Weld concentrator is operating and experience is already being obtained on flotation recoveries.</p> <p>Experience and metallurgical test-work has been used to develop a series of regressions to determine the overall product recovery percentage for each separate rare earth oxide product based on REO input grade. Phase 1 of the project is planned to handle 121 kt of ROM yearly to produce about 33 kt of concentrate with 11 kt of separated rare earth products from the LAMP.</p> |
| Cost and Revenue Factors | <p>Mt Weld concentrator operating cost is based on experience.</p> <p>Revenue is based on estimated recovery and market price for each individual product. For the optimisation work a weighted average price of approximately A\$52/kg was used.</p> |
| Market Assessment | <p>Macroeconomic conditions in China, the largest consumer of rare earths are relatively subdued. Japan which is the largest export market for rare earths has seen a weakening of demand in a number of areas. This has led to rare earth consumers running on reduced inventories.</p> <p>This process has been shown in the drop in prices. The price uses for these ore reserves are the lowest China FOB prices since 2010.</p> |
| Other | <p>The project is well advanced with mining have already stockpile 0.7 Mt of ore and the concentration plant operating to create REO concentrate. The LAMP construction is completed and now that the Temporary Operating License has been obtained it is planned to start operating in</p> |

| Criteria | Comments |
|-------------------------------|---|
| | October 2012. |
| Classification | There is Measured, Indicated and Inferred Resources within the model. The Measured and Indicated Resources within the designed pits have been converted to Proved and Probable Ore Reserves (Measured to Proved, Indicated to Probable). The stockpiled ROM material is considered as Proved. |
| Audit/Previous Studies | Previous Ore Reserves estimate (Lynas, 2003). Feasibility Study 2005. |

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COMPLIANCE WITH THE JORC CODE ASSESSMENT CRITERIA

The Ore Reserves statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code – 2004 Edition). The Ore Reserves have been compiled by Ross Bertinshaw of Golder Associates, who is a fellow of Australasian Institute of Mining and Metallurgy and a Chartered Professional (Mining). Mr Bertinshaw has had sufficient experience in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Bertinshaw consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Mineral Resource model used for the Ore Reserve Estimate has been compiled by Brendan Shand, who is a member of The Australasian Institute of Mining and Metallurgy. Brendan Shand is an employee of Lynas Corporation Limited. Brendan Shand has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Brendan Shand consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.