

7 October 2008

NEW CUSTOMER COMMITMENT

Key Points:

- ***New customer commitment signed for Mount Weld Rare Earths project.***
- ***A Letter of Intent includes production from Phase I of the Advanced Materials Plant in Malaysia as well as additional volume from the planned Phase II plant expansion.***
- ***There are now five customer commitments with a combined value of US\$490 million using current prices for the first five years of operations.***

The Directors of Lynas Corporation (ASX: LYC) are pleased to announce the signing of the company's fifth customer commitment for Mount Weld Rare Earths to be produced from the company's Malaysian Advanced Materials Plant. A Letter of Intent (LOI) has been signed with a major Rare Earths consumer who intends to purchase significant tonnages from Phase I as well as additional volume from the planned Phase II expansion.

The LOI is for a long term multiple year contract commencing from Phase I of the Advanced Materials Plant, which has a planned annual capacity of 10,500 tonnes REO, plus additional volume from the planned Phase II, which shall increase the annual plant capacity to 21,000 tonnes REO. The LOI covers a minimum tonnage of REO to be purchased and includes the potential to expand this volume upon mutual agreement of both parties. Following execution of the LOI which sets out the intended key commercial terms, the parties are now preparing a binding supply contract which will set out all the detailed terms and condition of supply.

With this LOI now signed, 70% of the Phase I and in addition 25% of the expanded Phase II Advanced Materials Plant total capacity is spoken for, which based on current market prices should amount to sales revenue of US\$490 million for the first five years of operations.

The company continues to be actively engaged with potential customers in Europe, Japan and the USA, and anticipates further customers announcements in the near future.

About Lynas Corporation

Lynas owns the richest 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.

The first mining campaign is now complete. Lynas has received all environmental approvals to build a 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. The construction of these plans is underway, with first production scheduled in the fourth quarter of 2009. 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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