

17 September 2008

**UPDATE ON PROJECT AND AWARD OF
MOUNT WELD CONCENTRATION PLANT CONTRACT**

The Directors of Lynas Corporation (ASX: LYC) are aware of the current volatility in the financial markets and the impact this is having on the LYC share price, as well as other Australian resource stocks; particularly those in project development.

The Directors believe the fall in the Lynas share price predominantly reflects market liquidity events.

The company wishes to inform shareholders that the Executive team remains committed to delivering the Mount Weld Rare Earths project on schedule and within the financial resources available to Lynas. The current funding sources include the closing cash balance as of 30 June 2008 of \$144.7 million, the USD 105 million senior facility agreement with Bayerische Hypo- und Vereinsbank AG, the USD 95 million convertible note facility which is currently sitting in a USD denominated account and the net interest received on the cash position.

Further to this, the Directors are pleased to announce the company will award the contract for the construction of the Concentration Plant for the Mount Weld Rare Earths project to Abesque Engineering & Construction (AEC) of Western Australia. The value of the construction contract is in accordance with budget and allows the overall Concentration Plant project to be delivered within the \$40 million capital cost budget previously announced to the market. With Downer EDI having completed the first mining campaign and due to commence the earthworks program for the Concentration Plant in two weeks, the entire Western Australian capital works including mining and earthworks and the Concentration Plant, shall be completed within the \$70 million budget previously announced to the market.

A robust selection process has been undertaken by the company to select AEC including assessment of the experience and capabilities of the tenderer's key project people, the proposed construction schedule, demonstrated relevant experience and the available capacity of the tenderer. The next step with AEC is to conclude the contract documentation which is anticipated to occur in approximately two weeks. Key details of the contract will be released at that time.

The total project including the Malaysian Advanced Material Plant, due for completion in fourth quarter 2009, remains on schedule and is anticipated to be completed with the funding currently available.

Nicholas Curtis, Executive Chairman of Lynas said "Given the inflationary pressure on raw material costs and availability of human resources in Western Australia I am pleased that the entire Western Australian capital works at Mount Weld, for which all approvals have been received, shall be completed within the original \$70 million budget and remains on schedule".



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 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.

About Abesque Engineering & Construction

Abesque Engineering and Construction Ltd (AEC) is a fully owned subsidiary of Forge Group Ltd (Forge).

Forge is a public company listed on the Australian Stock Exchange. Forge acts as the holding company for investments in engineering, procurement and construction, construction management and maintenance. With a strong balance sheet and a history of earnings the company provides a reliable platform for the subsidiary companies and their clients. Based in Perth, Western Australia the group employs over 400 employees.

AEC specialises in the provision of engineering design, fabrication, construction and project management services to the resource sector for the implementation of processing facilities and associated infrastructure.

As a multidiscipline engineering organisation AEC provides a wide range of services to the resource sector utilising its own substantial in-house resources, covering civil, structural, mechanical, piping and electrical design and construction works.

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