

20 April 2010

Lynas Rare Earths Project Update

Key Points:

- **The estimated capital cost to complete Phase 1 of the Concentration Plant in Western Australia and the Advanced Materials Plant in Malaysia is A\$339 million**
- **Mobilization to site has occurred in Western Australia**
- **Mobilization to site is scheduled to commence this month in Malaysia**
- **First concentrate feed to the kiln in Malaysia is anticipated early in the third quarter of 2011**

Lynas Corporation Limited ("Lynas") (ASX code LYC) is pleased to provide the following updates on the construction of the Concentration Plant in Western Australia and the Advanced Materials Plant in Malaysia.

Since the restart of the Lynas Rare Earths Project in November 2009, after a nine month suspension, a major focus of the company has been to review, and progress where necessary, the project engineering with United Group (UGL) to reach a point where the Company could confirm a revised baseline capital cost estimate and schedule.

This work has now been completed by the UGL – Lynas Alliance Team. The estimated capital cost to complete Phase 1 of both the Concentration Plant in Western Australia and the Advanced Materials Plant in Malaysia is A\$339.19 million (previously A\$302.7 million). The major variation is a significantly higher Engineering, Procurement and Construction Management (EPCM) fee than in the previous estimate (previously A\$100m which has increased to A\$136.4). The increase in the EPCM fee has resulted from a necessary revision of all engineering estimates, the undertaking of significant value engineering to keep original plant capital costs within previous projections, and a revision of construction management costs for the Advanced Material Plant in Malaysia. The previous capital cost estimates are set out on Page 35 of Lynas' ASX announcement dated 1 March 2010.

Mobilization to site in Western Australia occurred in April 2010. The target date of First Ore Feed in December 2010 remains as previously announced.

Mobilization to site in Malaysia is scheduled to commence this month. The first construction contractors to mobilize to site will advance the civil works package by commencement of pile capping in preparation for concrete pouring. A detailed review of the schedule anticipates first concentrate feed to the kiln early in the third quarter of 2011 (previously Q2 2011).

The table below shows the updated estimated capital expenditures and operating expenditures for the period up to first production from Phase 1 of the Lynas Rare Earths Project. Estimated

operating costs during the period of construction have been reduced significantly since the previous estimate. In Western Australia, the majority of the decrease is due to a reduction of work shifts at the Concentration Plant until the Advanced Materials Plant in Malaysia is fully commissioned. It has also been possible to reduce working capital in Malaysia and the Corporate Office.

As at 31 March 2010 the forecast total cash requirements to start of production of Phase 1 of the Lynas Rare Earths project is A\$407.32 million. Total cash at bank as at 31 March 2010 was approximately A\$417million.

Dependent on the final capital costs, use of the contingency facility included within the capital estimate, and the revenue generated during the commissioning and ramp-up of the Advanced Materials Plant there may be a potential requirement for a working capital facility in the amount of approximately A\$25million during ramp-up of the plant. As it is not yet clear whether this additional working capital will be required it has not been included in the table below. Lynas has no debt currently and is confident that a normal banking working capital facility will be available for the Company should the need arise.

Summary of Estimated Capital and Operating Costs to Start of Production of Phase 1 of the Rare Earths Project

| Construction & Other Capital Costs | Total A\$mm | Capex spent to date A\$mm | Future capex A\$mm |
|--|-----------------|---------------------------|--------------------|
| WA Concentration Plant | 61.49 | 16.44 | 45.05 |
| Gebeng cracker & Separator Plant | 232.40 | 45.10 | 187.30 |
| Engineering & Project Management Costs | 136.40 | 70.69 | 65.71 |
| Other Capex including Land at Gebeng | 74.30 | 58.88 | 15.42 |
| Contingency | 25.71 | - | 25.71 |
| Total | \$530.30 | \$191.11 | \$339.19 |

| Production Ramp-up Costs | Future spend A\$mm |
|---|--------------------|
| Western Australia | 28.10 |
| Gebeng | 22.42 |
| Finance, Admin, Marketing, Technical & Corporate Overheads (incl. suspension costs) | 17.61 |
| Total | \$68.13 |

| | |
|---|-----------------|
| Total Cash Requirement as at 31 March 2010 | \$407.32 |
|---|-----------------|

Phase 1 of the Lynas Rare Earths Project will produce approximately 11,000t REO per annum. Phase 2 of the Lynas Rare Earths Project will increase capacity to approximately 22,000t REO per annum by 2013. The final capital cost for expansion is still under investigation; however this is likely to be funded by a debt facility.

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.

Development of the mine is complete and in November 2009 Lynas completed an A\$450million capital raising to enable the completion of construction of the 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. 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.

'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.

For further information please contact Nicholas Curtis or Matthew James on +61 (0)2 8259 7100 or visit www.lynascorp.com