

18 December 2008

RARE EARTHS PROJECT UPDATE COST TO COMPLETE

Further to the Chairman's address released to the ASX on 26 November 2008, Lynas Corporation Limited ("Lynas", ASX:LYC) has completed its detailed review of the cost to complete the Rare Earths project. These costs update the previously announced costs released in the fourth quarter 2007 quarterly report.

The updated total costs, spend to date as at the end of November 2008, and subsequent cost to complete the project including operational build and start up costs through to the end of December 2009 are shown below. Note that Australian domiciled costs continue to be shown in Australian dollars, however Malaysian costs are presented in US\$ in order account for the significant movement in currencies since the initial total cost estimate and to align with our funding currency for these costs. Note that approximately 72% of the Malaysian costs are Malaysian Ringgit costs.

Project Overview

Lynas

Australian Dollar Cost Areas	CCY	Total Cost	Spent 30-Nov-08	Cost to Complete
Australia: Mt Weld Mining Campaign	A\$ M	21	21	0
Australia: Concentration Plant - Mt Weld	A\$ M	69	11	58
Australia: Start up cost	A\$ M	25	1	24
A\$ Total		115	33	82

"US" Dollar Cost Areas	CCY	Total Cost	Spent 30-Nov-08	Cost to Complete
Malaysia: Advanced Materials Plant - Gebeng	US\$ M	214	46	169
Contingency	US\$ M	18	0	18
Malaysia: Land	US\$ M	20	20	0
Malaysia: Start-Up Costs	US\$ M	27	0	26
US\$ Total		279	66	213

Note: sum of figures may not match totals due to rounding

This cost to complete will be funded from the sources shown below:

Funding Sources and Use of Funds 1 Dec 08 - 31 December 09						Lynas	
Funding Sources		US\$ m	A\$ m	Use of Funds		US\$ m	A\$ m
Equity	Cash 1 December 08		79	Capex	Concentration Plant - Mt Weld		58
					Advanced Materials Plant - Gebeng	169	
					Contingency	18	
Debt	HVB Facility	105		Opex	Australia Start Up		24
	Convertible Note	95			Malaysia Start Up	26	
	Additional HVB Facility	15					
Total	through to Dec 09	215	79	Total		213	82

In conjunction with the cost review a detailed review of the project schedule also took place. The Board is pleased to report that the previously announced planned start-up date of the 4th Quarter 2009 remains in place.

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 plants 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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