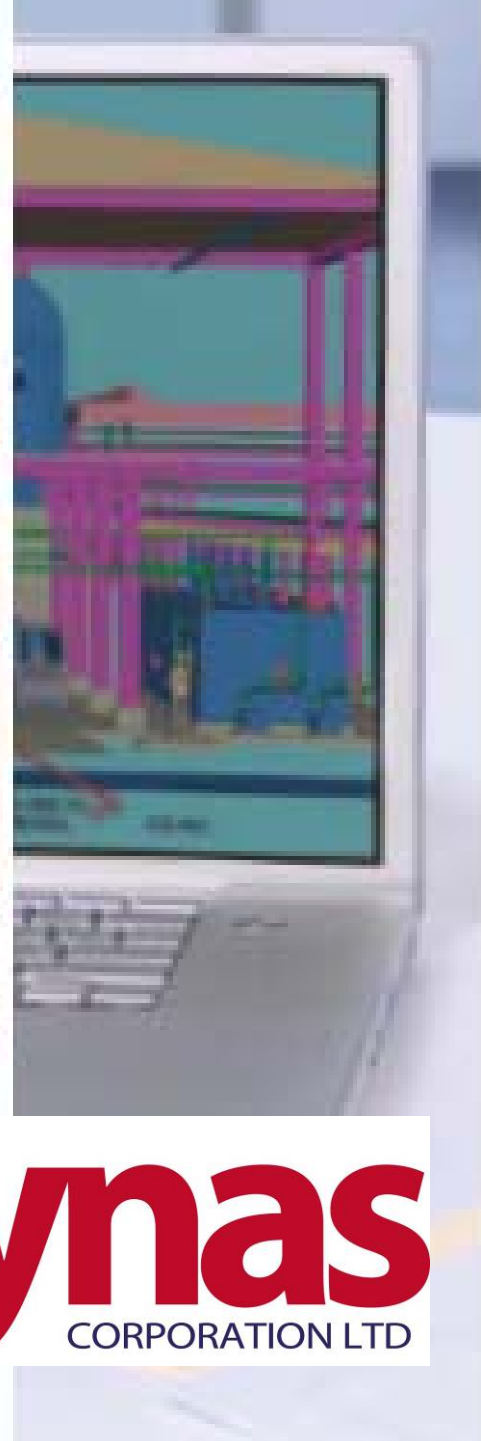


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NYC, CNMC and the GFC
Sydney Mining Club
30 July 2009



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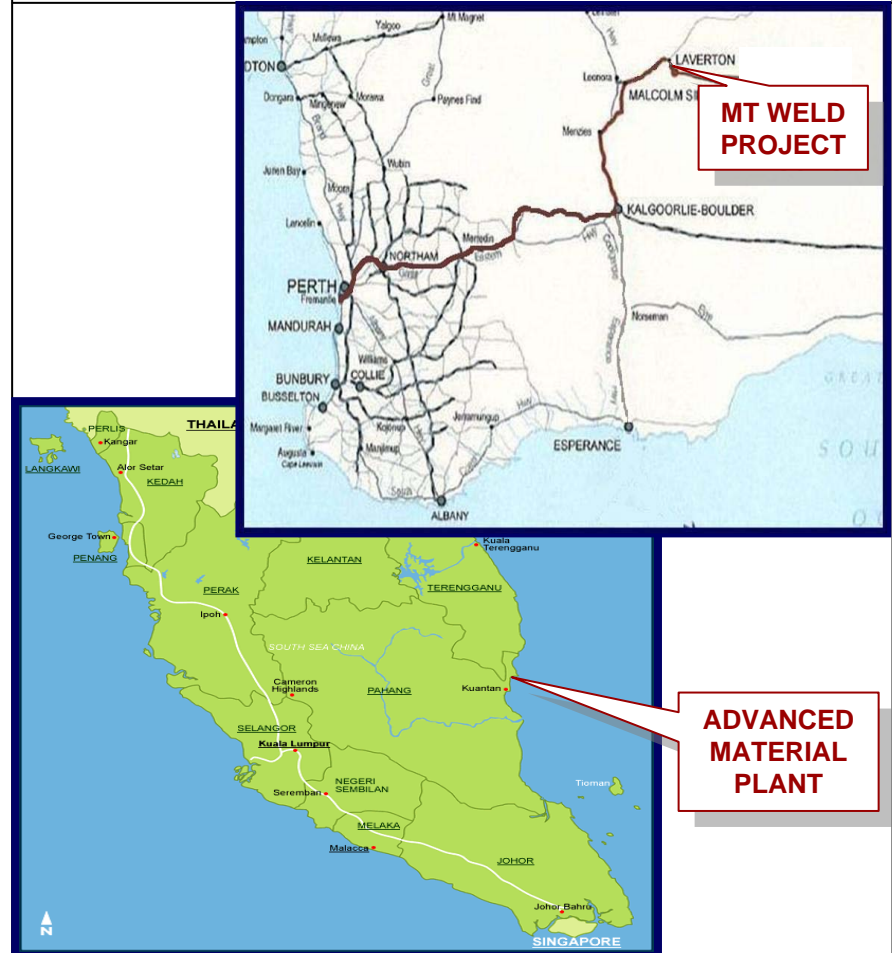
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Who is LYC

Lynas Corporation

- ▶ An ASX 200 listed company
- ▶ With a vision: “Be a global leader in Rare Earths for a sustainable future”
- ▶ People in Sydney, Perth, Mount Weld and Malaysia
- ▶ Mine and concentration plant at Mount Weld
- ▶ Advanced Material Plant in Malaysia

Mount Weld Rare Earths Project



Rare Earths are a unique group of elements

A group of metallic elements

- Lanthanum (La)
- Cerium (Ce)
- Praseodymium (Pr)
- Neodymium (Nd)
- Samarium (Sm)
- Europium (Eu)
- Terbium (Tb)
- Dysprosium (Dy)

PERIODIC TABLE OF THE ELEMENTS

1 H 1.008																	2 He 4.003	
3 Li 6.941	4 Be 9.012											5 B 10.81	6 C 12.01	7 N 14.01	8 O 16.00	9 F 19.00	10 Ne 20.18	
11 Na 22.99	12 Mg 24.31											13 Al 26.98	14 Si 28.09	15 P 30.97	16 S 32.07	17 Cl 35.45	18 Ar 39.95	
19 K 39.10	20 Ca 40.08	21 Sc 44.96	22 Ti 47.88	23 V 50.94	24 Cr 52.00	25 Mn 54.94	26 Fe 55.85	27 Co 58.93	28 Ni 58.69	29 Cu 63.55	30 Zn 65.39	31 Ga 69.72	32 Ge 72.59	33 As 74.92	34 Se 78.96	35 Br 79.90	36 Kr 83.80	
37 Rb 85.47	38 Sr 87.62	39 Y 88.91	40 Zr 91.22	41 Nb 92.91	42 Mo 95.94	43 Tc (98)	44 Ru 101.1	45 Rh 106.4	46 Pd 107.9	47 Ag 107.9	48 Cd 112.4	49 In 114.8	50 Sn 118.7	51 Sb 121.8	52 Te 127.6	53 I 126.9	54 Xe 131.3	
55 Cs 132.9	56 Ba 137.3	57-71 * **	72 Hf 178.5	73 Ta 180.9	74 W 183.9	75 Re 186.2	76 Os 190.2	77 Ir 192.2	78 Pt 195.1	79 Au 197.0	80 Hg 200.5	81 Tl 204.4	82 Pb 207.2	83 Bi 209.0	84 Po (210)	85 At (210)	86 Rn (222)	
87 Fr (223)	88 Ra (226)	89-103 **	104 Rf (261)	105 Db (262)	106 Sg (263)	107 Bh (264)	108 Hs (265)	109 Mt (266)	110 Uun (267)	111 Uuu (268)	112 Uub (269)							
Lanthanide Series*		57 La 138.9	58 Ce 140.1	59 Pr 140.9	60 Nd 144.2	61 Pm (147)	62 Sm 150.4	63 Eu 152.0	64 Gd 157.3	65 Tb 158.9	66 Dy 162.5	67 Ho 164.9	68 Er 167.3	69 Tm 168.9	70 Yb 173.0	71 Lu 175.0		
Actinide Series**		88 Ac (227)	89 Th 232.0	90 Pa (231)	91 U (238)	92 Np (237)	93 Pu (242)	94 Am (243)	95 Cm (247)	96 Bk (247)	97 Cf (249)	98 Es (254)	99 Fm (253)	100 Md (258)	101 No (254)	102 Lr (262)		

■ Rare Earths Elements
■ Crown Deposit
■ Rare Metals at Mt Weld

With unique properties

- Chemical
- Catalytic
- Electrical
- Magnetic
- Metallurgic
- Optical



Rare Earths underpin new materials technology required to sustain the needs of today's society

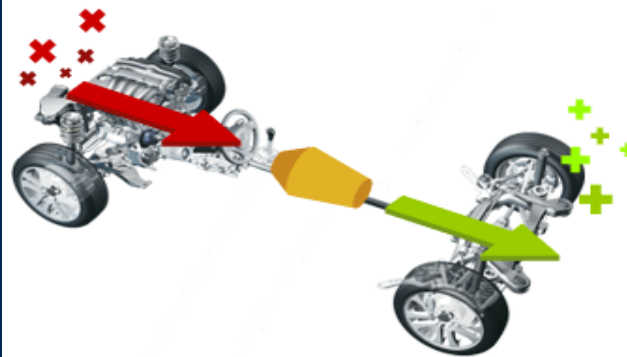
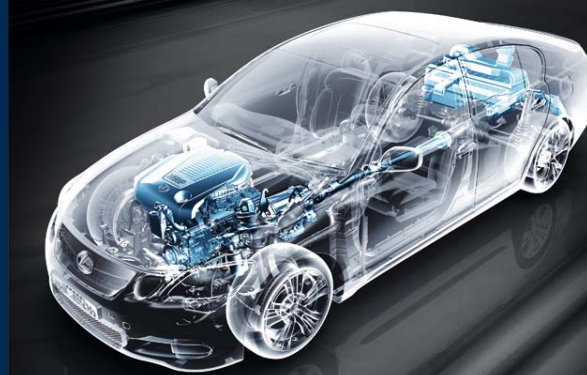
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Energy Efficiency through lower consumption



- Compact fluorescent lights
- Weight reduction in cars
- Higher oil refinery yields

Environmental Protection through lower emissions



- Hybrid vehicle
- Auto catalytic converter
- Diesel additives

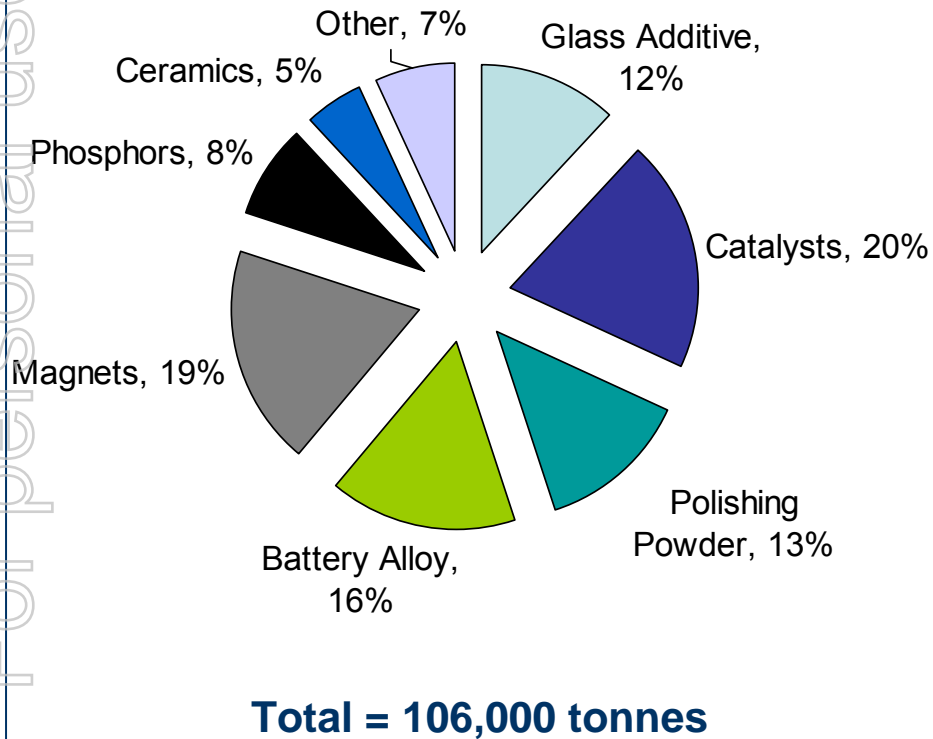
Smaller yet more powerful digital technology



- Flat panel displays
- Disk Drives
- Digital cameras

Demand for Rare Earths is growing strongly and evenly spread by application

2006 Demand by Application



Growth Forecast by Application

Application	Growth rate % p.a.	2013 demand tonnes
• Glass Additives	1%	14,000
• Catalysts	7%	32,000
• Polishing Powder	7%	21,000
• Battery Alloy	17%	43,000
• Magnets	13%	42,000
• Phosphors	9%	14,000
• Ceramics	8%	9,000
• Others	8%	13,000
• Total	10%	188,000

China supplies 95% of global demand, and the sustainability of this supply is becoming fragile

Chinese Government Policy

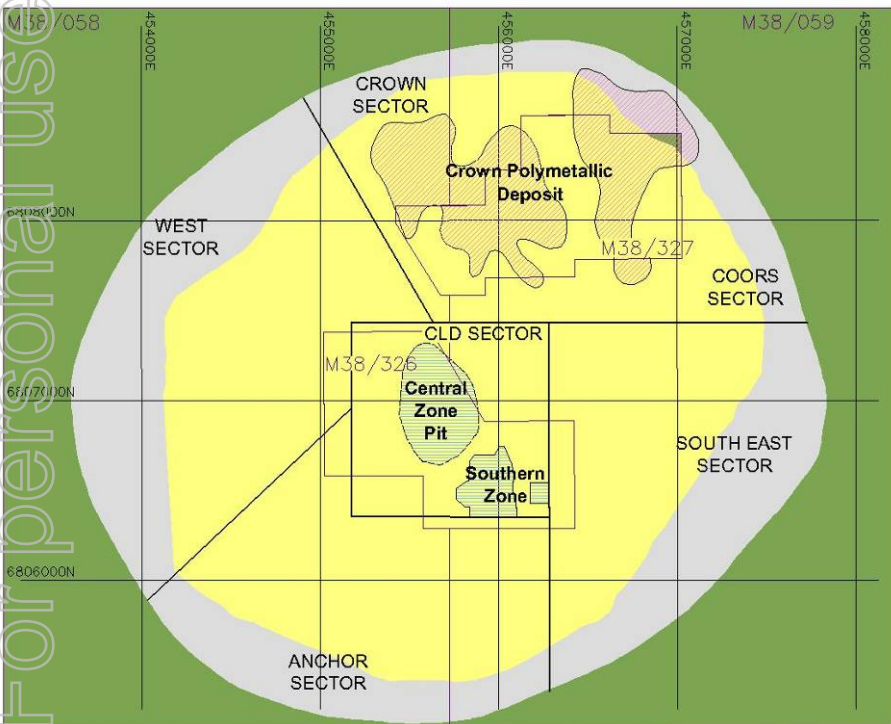
- ▶ Strategic value of REO well understood
- ▶ Mining quota of 77,500t (2% vs 2006)
- ▶ Export quotas declining annually
 - -10% since 2004 to 43,600t in 2007
 - -20% to 34,200t in 2008
- ▶ Raising export tariffs to 15-25%
- ▶ Key Interest in maintaining long-term domestic supply for the Chinese industry

Chinese Production Limits

- ▶ Largest REO mine Baotou (50% of world supply) operating at capacity
 - REO is a by-product of iron mining
 - Future ore selection forecast to result in lower REO grades
- ▶ Sichuan
 - Environmental issues
 - Underground mining
- ▶ Jiangxi, Guangdong, Hunan, Fujian
 - Fragile resource due to over exploitation
 - Fragile environment due to mining methods
- ▶ CNMC do not have Rare Earths assets

The current mining operation is within the Central Zone Pit

Mt Weld Tenements



The Total CLD Sector Mineral Resource (2.5% REO cut-off) March 2008

Category	Tonnes (Mt)	Grade (%REO)	Tonnes (kt) REO
Measured	2.21	14.7	324
Indicated	3.84	11.5	441
Inferred	6.19	6.8	418
Total	12.24	9.7	1,184

- Two defined zones: Central and the new Southern zone (Heavy REO)

The project finance structure was typical for a junior mining company

Senior Debt US\$105M

- ▶ Announced July 2007
- ▶ HVB
- ▶ Term: 5 years
- ▶ Senior Facility: US\$80M
- ▶ Mezzanine Facility: US\$10M
- ▶ Working Capital: US\$15M
- ▶ Margin for all components was 3.0% over LIBOR during construction and 2.5% after
- ▶ Conditional on full funding

Convertible Note US\$95M

- ▶ Announced November 2007
- ▶ Fully subscribed Feb 2008
- ▶ Amount: USD 95 million
- ▶ Term: 5 years plus an option for Lynas to extend for an additional year
- ▶ Coupon: 8.25% pa
- ▶ Conversion Price: US\$1.40

Equity A\$170M

- ▶ April 2008
 - A\$95M
 - At \$1.26 per share
- ▶ August 2006
 - A\$75M
 - At \$0.35 per share

The GFC arrived in January 2009, with a bondholder dispute

Senior Debt US\$105M

- ▶ Announced July 2007
- ▶ HVB
- ▶ Term: 5 years
- ▶ Senior Facility: US\$80M
- ▶ Mezzanine Facility: US\$10M
- ▶ Working Capital: US\$15M
- ▶ Margin for all components was 3.0% over SIBOR during construction and 2.5% after
- ▶ Conditional on full funding

Convertible Note US\$95M

- ▶ Claimed non compliance to conditions. Motivated to prevent US\$95M from leaving escrow account
- ▶ AUS/USD declined to 0.65
 - Conversion ↑ A\$2.15
 - Share price ↓ A\$0.25
- ▶ Secondary market notes trading above 20% yields
 - Coupon 8.25%
- ▶ Not in shareholders interest to pursue legal options
- ▶ Lynas settled dispute by returning ~90 cents in the dollar

Equity A\$170M

- ▶ April 2008
 - A\$95M
 - At \$1.26 per share
- ▶ August 2006
 - A\$75M
 - At \$0.35 per share

With the collapse of the convertible note facility the Senior Debt facility could not be drawn

Senior Debt US\$95M

Convertible Note US\$95M

Equity A\$170M

▶ Announced July 2007

▶ HVB

▶ Term: 5 years

▶ Senior Facility: US\$80M

▶ Mezzanine Facility: US\$10M

▶ Working Capital: US\$15M

▶ Margin for all components was 3.0% over SIBOR during construction and 2.5% after

▶ **Conditional on full funding**

▶ Motivation to prevent US\$95M from leaving escrow account

▶ AUS/USD = 0.65

▪ Conversion = A\$2.15

▪ Share price = A\$0.2 – 0.3

▶ Secondary market notes trading > 20% yields

▪ Coupon 8.25%

▶ Lynas returned ~ 90 cents in the dollar

▶ April 2008

▪ A\$95M

▪ At \$1.26 per share

▶ August 2006

▪ A\$75M

▪ At \$0.35 per share

In February 2009 the construction of the Mount Weld Rare Earths project was suspended

Senior Debt US\$95M

- ▶ Announced July 2007
- ▶ HVB
- ▶ Term: 5 years
- ▶ Senior Facility: US\$80M
- ▶ Mezzanine Facility: US\$10M
- ▶ Working Capital: US\$15M
- ▶ Margin for all components was 3.0% over SIBOR during construction and 2.5% after
- ▶ Conditional on full funding

Convertible Note US\$95M

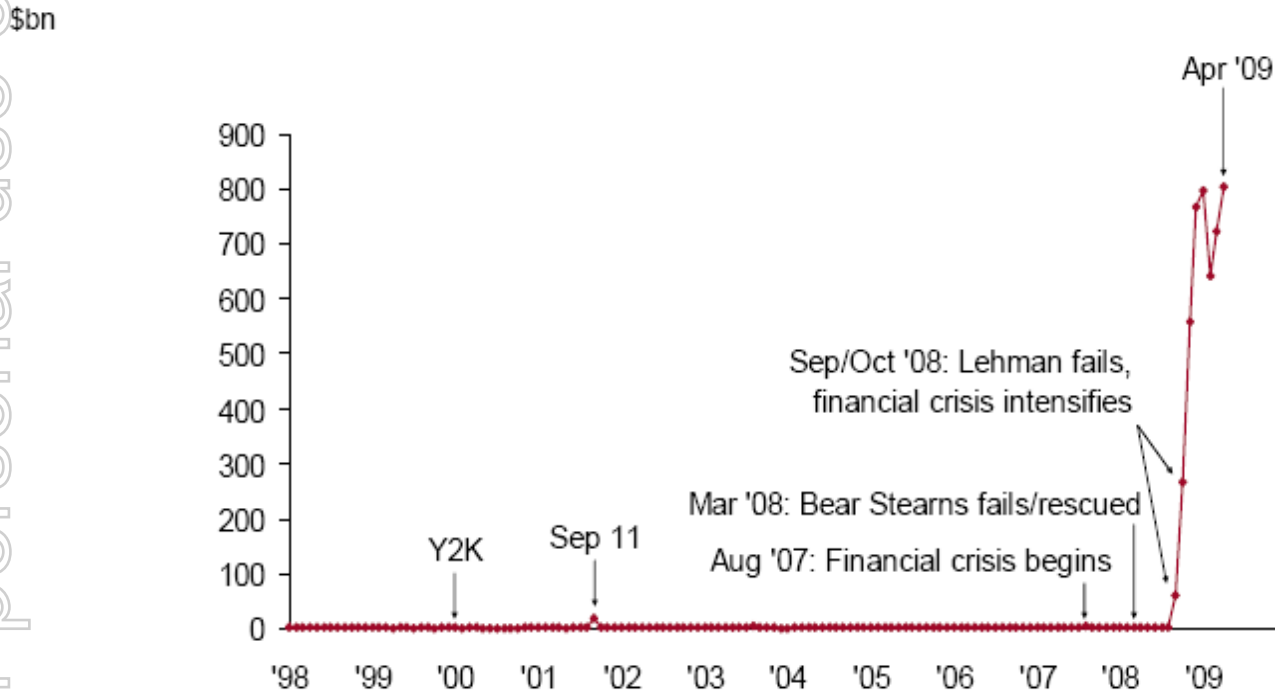
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 - Conversion = A\$2.15
 - Share price = A\$0.2 – 0.3
- ▶ Secondary market notes trading > 20% yields
 - Coupon 8.25%
- ▶ Lynas returned ~ 90 cents in the dollar

Equity A\$170M

- ▶ April 2008
 - A\$95M
 - At \$1.26 per share
- ▶ August 2006
 - A\$75M
 - At \$0.35 per share
- ▶ As at February 2009 the cash balance was A\$70M
- ▶ Decision to suspend project
- ▶ More than \$50M has been spent to suspend at appropriate stages in engineering, procurement and construction activities

Established relationships in China enabled a fast track to refinancing

Exhibit 9: Excess Reserves of Depository Institutions



Source: Federal Reserve, Credit Suisse

New paradigm was required to refinance the project

- ▶ Islamic financing- Malaysian Sukuk market
- ▶ Discussion with industrial partners

Introduction of China Nonferrous Metal Mining (Group) Co., Ltd (CNMC).

▶ Who are CNMC?

- An international mining company focused on nonferrous metals with both domestic China and overseas resource projects.
- CNMC activities in resource projects include exploration, design, construction, mining and refining.
- CNMC is administered by the State-owned Assets Supervision and Administration Commission of China (SASAC).
- Equal with Chinalco and MinMetals

▶ Why CNMC as Lynas majority shareholder

- CNMC have a positive outlook on the Rare Earths industry
- Understand Lynas Rare Earths project strengths and cash flow potential
- Have the funds and mandate to grow their non-ferrous business and the current market is an opportune time to grow through acquisition
- Share the vision of Lynas, the business model will not change

CNMC equity and debt package gives Lynas access to US\$366 million (over A\$470 million)

► Equity issue to CNMC

- 700 million shares at A\$0.36 to give A\$252 million
- 52.5% above the 30 trading day VWAP
- CNMC will be the majority shareholder with 51.6% of the shares on issue

► Debt funding guarantee

- CNMC provide a corporate guarantee to a Chinese bank
- First senior loan of approximately US\$104,000,000
- Subsequent senior loan of an estimated US\$80,000,000

CNMC support the current business model and management team

Lynas vision:

Be a global leader in Rare Earths for a sustainable future

Production system

- Concentration Plant in Western Australia at Mount Weld
- Advanced Materials Plant on the East Coast of Malaysia near Kuantan

RED brand and Marketing Strategy

- Focus on Japan, Europe, and US markets
- Plans to deliver against current contracts

Board and Management

- Expanded to 8, with the Chairman having the casting vote
- Nicholas Curtis to remain Executive Chairman
- The current Executive team shall remain in place

This provides full project funding for the phase 2 expansion to 21,000t REO production

Australian Dollar costs	CCY	Total Costs	Spent post suspension	Spend for completion
Mt Weld Mining Campaign	A\$	20	20	-
Mt Weld Concentration Plant	A\$	72	24	48
Australian Start Up Costs	A\$	28	3	25
Financing Costs	A\$	9	-	9
Corporate and other costs	A\$	35	-	35
Australian Dollar Total	A\$	164	47	117

US Dollar costs	CCY	Total Costs	Spent post suspension	Spend for completion
Advanced Materials Plant	US\$	235	70	165
Contingency	US\$	19	-	19
Malaysian Land	US\$	20	20	-
Malaysian Start Up Costs	US\$	31	6	25
Phase 2 expansion	US\$	80	-	80
Malaysian Total	US\$	385	96	289

Grand Total (@ 0.653 US\$:A\$)	US\$	492	127	366
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Heads of Agreement is binding, but subject to approvals

- ▶ Chinese government regulatory approvals:
 - State-owned Assets Supervision & Administration Commission (SASAC)
 - The National Development & Reform Commission (NDRC)
 - The Ministry of Commerce (MOFCOM)
 - The State Administration of Foreign Exchanges (SAFE)
- ▶ Australian government regulatory approvals:
 - Australian Foreign Investment Review Board (FIRB)
 - Now 60 days since original application, no change requested
- ▶ Approval by the shareholders of Lynas.
- ▶ No material adverse event occurring in respect of Lynas.
- ▶ No Malaysian approvals required

First mining campaign at Mt Weld and surface ore stockpiles are completed – on budget & time

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Concentration Plant Status at Mt Weld

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- ▶ Engineering Design completed
- ▶ All Approvals in place
- ▶ All major equipment procured and to be stored in Australia

▶ Contract Status on-site

▪ Bulk earth works	Downer EDI	Completed
▪ Construction contract	Abesque Engineering	On hold
▪ Steam generation	RCR Energy Systems	On hold
▪ Power station	Kalgoorlie Power Systems	On hold
▪ Reverse Osmosis Plant	Osmoflow	On hold



Mount Weld Concentration Plant site – Ball Mill foundations

Mount Weld Concentration Plant site – Flotation Building foundations



Lynas has secured land for the processing plant in the State of Pahang on the east coast

Satellite Photo of Gebeng Industrial Area



- ▶ **Strong Federal, State, and Local Government support**
 - Lynas granted “strategic pioneer status” with 12 year tax free period
- ▶ **Excellent infrastructure in Gebeng**
 - Close to Kuantan Port with bulk material, liquid and container berths
 - Available public utilities
 - Key reagents products located nearby
- ▶ **Skilled labour force**
 - Large chemical industry on the east coast
 - Access to a diligent, skilled and competitive labour force with good English skills

Malaysian Advanced Material Plant Status

▶ Engineering Design to be completed

▶ Most major equipment to be held at current production point and stored with manufacturer

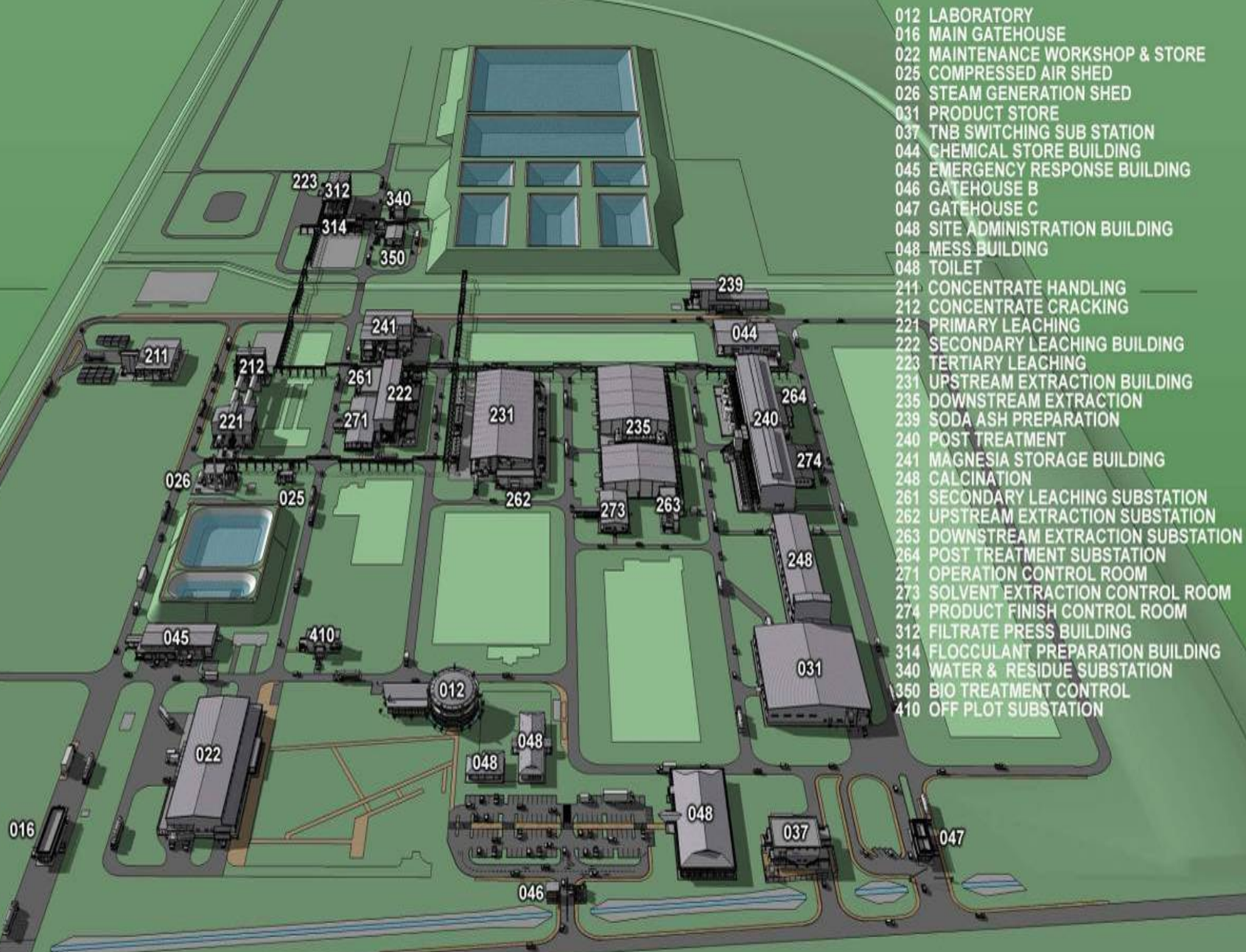
▶ All Approvals in place

▶ Contract Status on-site

- | | |
|--------------------------------|-------------------------|
| ▪ Bulk earth works | Substantially completed |
| ▪ Piling | Completed |
| ▪ Concreting works | On hold |
| ▪ Other construction contracts | Yet to be let, on hold |



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Lynas-constructed stormwater detention pond

Building construction has commenced



Six supply agreements have been signed

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1st Customer Agreement - Supply Contract

- US\$90M
- Long term 5 year contract
- Cerium, Europium, Terbium & Lanthanum

2nd Customer Agreement - Supply Contract

- US\$200M
- Long term 5 year contract
- Neodymium & Praseodymium

3rd Customer Agreement - Supply Contract

- US\$20M
- Long term multiple year contract
- Product from Phase I & Phase II of final separation and product finishing plant in Malaysia

4th Customer Agreement – Letter of Intent

- US\$80M
- Long term multiple year contract
- Product from Phase I & Phase II of final separation and product finishing plant in Malaysia

6th Customer Agreement – Supply Contract

- Long term multiple year contract
- Product from Phase I & Phase II of final separation and product finishing plant in Malaysia

5th Customer Agreement – Letter of Intent

- US\$80M
- Long term multiple year contract
- Product from Phase I & Phase II



Rare Earths Market Outlook

- ▶ Customers reported that few significant purchases of Rare Earths have been made since November 2008 due to inventory destocking
- ▶ The Q2 2009 the average quarterly price had dropped to US\$9.70/kg.
- ▶ The rationale for this price move is that at current prices the Chinese producers are operating at are cash costs of production, which explains why prices for Rare Earths have not decreased to the extent of other commodity metals such as nickel
- ▶ However, customers are anticipating inventories will be significantly absorbed throughout the supply chain by the end of 2009, after which normal purchasing will resume.

Lynas – building a stable supply chain for vital raw materials to a sustainable world

Applications

- ▶ The growth drivers are :
 1. More efficient use of energy
 2. Reduction of greenhouse gas
 3. Digitisation
- ▶ Substitutes are not available for most applications
- ▶ Continuous growth +10% CAGR is forecast

Raw Material Supply

- ▶ China dominates the market with 95% supply
- ▶ China cannot meet growing world demand
- ▶ Mount Weld is the only significant new alternative source to China under construction

Lynas

- ▶ Foundation on the richest Rare Earths ore body in the world
- ▶ Company is in execution mode
- ▶ Building plant and operational capacity
- ▶ Sales agreements worth >USD300m are signed with more to come

Thank you

Terima Kasih

Xie Xie

NOTE

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information 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.