



EQUITY RAISING

Retail Entitlement Offer

DETAILS OF A 1 FOR 1 NON-RENOUNCEABLE PRO-RATA
ENTITLEMENT OFFER OF LYNAS ORDINARY SHARES
AT AN OFFER PRICE OF \$0.45 PER NEW SHARE

**THIS ENTITLEMENT OFFER CLOSSES AT 5.00 PM (WAST)
ON FRIDAY, 23 OCTOBER 2009**



This is an important document which is accompanied by an Entitlement and Acceptance Form for you to subscribe for new ordinary shares in Lynas Corporation Limited ABN 27 009 066 648. Please read this document carefully and call your professional adviser or the Lynas Shareholder Information Line if you have any queries.

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1 Chairman's letter

2 October 2009

Dear Shareholder,

Lynas Equity Raising – Retail Entitlement Offer

On behalf of Lynas Corporation Limited (**Lynas**), I am pleased to invite you to participate in a 1 for 1 non-renounceable pro-rata entitlement offer of new Lynas ordinary shares (**New Shares**) at an offer price of \$0.45 per New Share (**Entitlement Offer**). New Shares issued under the Entitlement Offer will rank equally with existing Lynas ordinary shares.

The Entitlement Offer forms part of the capital raising conducted by Lynas as announced to the market on Tuesday, 29 September 2009 (**Capital Raising**), which also comprises an unconditional institutional placement of New Shares (**Unconditional Placement**) and an institutional placement of New Shares that is subject to shareholder approval (**Conditional Placement**).

Please refer to the enclosed Notice of Meeting for further details on the Conditional Placement.

On Thursday, 1 October 2009, Lynas announced that it had received a very strong response from institutional investors and had successfully raised approximately \$130 million through the institutional component of the Entitlement Offer, \$88 million under the Unconditional Placement and \$67 million from the Conditional Placement (the latter subject to shareholder approval).

This letter relates to the retail component of the Entitlement Offer (**Retail Entitlement Offer**), which will raise approximately a further \$165 million.

The structure of the equity raising is in the form of a pro-rata entitlement offer, providing the opportunity for all eligible shareholders to participate.

This booklet contains a number of important documents, including:

- Key Dates for the Entitlement Offer;
- ASX Offer Announcements;
- How to Apply section; and
- Important Information section.

With this booklet you will also find your Entitlement and Acceptance Form which details your entitlement, to be completed in accordance with the instructions provided on the form and the instructions on "How to Apply".

It is important to note that the Retail Entitlement Offer closes at 5.00pm (WAST) Friday, 23 October 2009. To participate, you need to ensure that your completed Entitlement and Acceptance Form and your Application Money is received by Lynas Share Registry before this time and date OR you have paid your application monies via BPAY[®] pursuant to the instructions that are set out on the Entitlement and Acceptance Form. Please refer to the instructions on "How to Apply" that accompany this letter for further information.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their entitlement in full will not receive any value in respect of those entitlements they do not take up.

You should consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

For further information regarding the Retail Entitlement Offer, please call the Lynas Share Registry on (+61 8) 9315 2333 at any time from 8.00am to 5.00pm (WAST) Monday to Friday, during the Retail Entitlement Offer period.

On behalf of the Board of Lynas, I invite you to consider this investment opportunity and thank you for your ongoing support of our company.

Yours sincerely



Nicholas Curtis
Executive Chairman

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Forward looking statements, opinions and estimates provided in this letter are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

This letter, and the accompanying ASX announcement, Retail Offer Booklet and Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the **Securities Act**)) (**U.S. Person**). None of this letter, and the accompanying ASX announcement, Retail Offer Booklet nor Entitlement and Acceptance Form may be distributed to, or relied upon by, persons in the United States or who are, or are acting for the account or benefit of, U.S. Persons. Neither the Entitlements nor New Shares offered in the Entitlement Offer have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of a U.S. Person. The New Shares may not be offered, or sold, or resold, in the United States or to, or for the account or benefit of, a U.S. Person except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

2 Key dates for the Retail Entitlement Offer

Event	Date
Record Date for the Entitlement Offer	5.00pm (WAST) Tuesday, 29 September 2009
Mailing of Retail Offer Booklet and Entitlement and Acceptance Form to Eligible Retail Shareholders	Commences on Friday, 2 October 2009
Retail Entitlement Offer opens	Wednesday, 7 October 2009
Retail Entitlement Offer closes	5.00pm (WAST) Friday, 23 October 2009
Issue of New Shares under the Retail Entitlement Offer	Tuesday, 3 November 2009
Normal trading of New Shares issued under the Retail Entitlement Offer expected to commence on ASX	Wednesday, 4 November 2009
Despatch of holding statements	Wednesday, 4 November 2009

Note: Dates and times are indicative only and subject to change.

Applicants for the Retail Entitlement Offer (**Applicants**) are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens. Lynas reserves the right, subject to the Corporations Act 2001 (Cth) (**Corporations Act**), ASX Listing Rules and other applicable laws to vary the dates of the Retail Entitlement Offer, including extending the Retail Entitlement Offer or accepting late applications, either generally or in particular cases, without notice. No cooling off rights apply to the Retail Entitlement Offer.

Enquiries

If you have any questions, please call the Lynas Share Registry on (+61 8) 9315 2333 at any time from 8.00am to 5.00pm (WAST) Monday to Friday during the Retail Entitlement Offer Period, or consult your stockbroker, accountant or other independent professional adviser.

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29 September 2009

Lynas Corporation announces Equity Raising Capital to be used to fund Phase 1 of the Lynas Rare Earths Project

Lynas Corporation Limited (ABN 27 009 066 648) (ASX code: LYC) (**Lynas** or the **Company**) today announced that it will undertake a fully underwritten issue of new fully paid ordinary shares in Lynas (**New Shares**) to raise gross proceeds of up to approximately A\$150 million (the **Capital Raising**). Proceeds of the Capital Raising will be used to fund the completion of Phase 1 of the Lynas Rare Earths Project (the **Project**), enabling the company to lift the suspension of the Project and complete construction and commissioning of both the Concentration Plant in Western Australia and the Advanced Materials Plant in Malaysia.

The decision to conduct the Capital Raising was made following the announcement on 24 September 2009 of the termination by China Nonferrous Metal Mining (Group) Co., Ltd (**CNMC**) of its Heads of Agreement with Lynas in relation to a proposed equity and debt investment.

Commenting on the decision to undertake the Capital Raising, Lynas' Executive Chairman, Mr. Nicholas Curtis said, "This is an opportunity to invest in Lynas with its high quality Rare Earths Project which will be funded to completion of Phase 1 of the Project. Through Mt Weld, Lynas owns the richest deposit of Rare Earths in the world and its Phase 1 target production of 10,500t Rare Earths Oxides will help to fill the supply - demand imbalance expected in the future."

"Lynas is committed to growth and the current expectation is that Lynas will move forward with the development of Phase 2 of the Rare Earths Project to 21,000t Rare Earths Oxides per annum as soon as possible after completion of Phase 1."

"The proposed equity raise will ensure Lynas maintains a conservative capital structure and balance sheet flexibility as it seeks to fund future expansion."

Capital Raising Overview¹

The Capital Raising will be undertaken at a price of A\$0.45 per New Share (**Offer Price**), and will comprise three tranches:

¹ In-principle relief has been granted by ASIC to allow Lynas to conduct the Capital Raising on an undocumented basis under sections 708A and 708AA of the Corporation Act (Cth) 2001 as modified by ASIC Class Order 08/35. Formal instruments of relief have not yet been obtained and will be required before the offer to retail investors is made.

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- i) Approximately A\$88 million underwritten unconditional placement of New Shares to existing institutional shareholders and other institutional investors (**Unconditional Placement**);
- ii) 1-for-1 underwritten non-renounceable pro-rata entitlement offer (**Entitlement Offer**) to existing shareholders to raise approximately A\$295 million:
 - The Entitlement Offer will be conducted on the basis of 1 New Share for every 1 existing Lynas ordinary share (**Share**) held (**Entitlement**) at 5.00pm (WAST) on Tuesday, 29 September (**Record Date**)
 - The Entitlement Offer will include an A\$130 million institutional component (**Institutional Entitlement Offer**) and an A\$165 million retail component (**Retail Entitlement Offer**)
 - The Offer Price of A\$0.45 per New Share represents a:
 - 50.0% discount to last close of A\$0.90 (last trade on 23 September 2009, prior to trading halt)
 - 33.3% discount to TERP² of A\$0.675; and
- iii) Approximately A\$67 million underwritten conditional placement (**Conditional Placement**)
 - Settlement of this tranche is subject to shareholder approval at an EGM proposed to be held on Monday, 9 November 2009.

Entitlement Offer Structure

The Entitlement Offer is non-renounceable. This means that Lynas shareholders who do not take up their Entitlement to participate in the Entitlement Offer will not receive any value for those Entitlements, and their equity interest in Lynas will be further diluted. Entitlements cannot be traded on ASX nor otherwise transferred.

■ Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer between Tuesday 29 September 2009 and Wednesday 30 September 2009.

New Shares equal in number to those not taken up by eligible institutional shareholders and those which would otherwise have been offered to ineligible institutional shareholders will be offered for subscription to other qualifying institutional investors. Lynas expects to announce the outcome of the Institutional Entitlement Offer to the market prior to the start of trading on Thursday, 1 October 2009.

² Theoretical ex-rights price. Excludes the New Shares to be issued under the Unconditional Placement and the Conditional Placement

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■ **Retail Entitlement Offer**

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer on the same terms as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Wednesday, 7 October 2009 and close at 5.00pm (WAST) on Friday, 23 October 2009.

Eligible retail shareholders are those holders of Shares who:

- Are registered as a holder of Shares as at the Record Date;
- Have a registered address in Australia or New Zealand;
- Are not in the United States and are not, and are not acting for the account or benefit of, any U.S. Person;
- Are not an institutional shareholder or ineligible retail shareholder; and
- Are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Stock Lending

Eligible shareholders will be entitled to apply for 1 New Share for every 1 Share held as at 5.00pm (WAST) on the Record Date, being Tuesday, 29 September. In the event a Lynas shareholder has Shares out on loan, the borrower will be regarded as the shareholder for the purposes of determining the Entitlement (provided that those borrowed shares have not been on-sold).

Business update and proposed use of proceeds

Lynas announced to the market on 10 February 2009 that the Company was suspending work on the Project pending finalisation of a revised financing structure.

On 1 May 2009, Lynas announced that it had entered into a Heads of Agreement with CNMC in relation to a proposed equity and debt investment, subject to a number of conditions including the Australian Foreign Investment Review Board (**FIRB**) approval. On 24 September 2009, Lynas announced that CNMC had terminated consideration of its proposed equity investment in Lynas because of additional undertakings sought by FIRB.

Upon completion of the Capital Raising, the Company will lift the suspension on the Project and use the proceeds to fund the completion of Phase 1 of the Project, as summarised below:

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Sources and Uses

Sources	A\$m
Existing cash balances	\$4.1
Proceeds from Capital Raising	450.0
Total	\$454.1

Uses	A\$m
Construction and other capital costs – Phase 1	\$314.5
Working capital and production ramp-up costs – Phase 1	120.6
Estimated fees and expenses	19.0
Total	\$454.1

Summary of Phase 1 Capital and Operating Costs

A significant proportion of the equipment and procurement capital costs (as noted below) are contracted.

Construction & Other Capital Costs	Total A\$m	Capex spent to date A\$m	Future capex A\$m
WA Concentration Plant	\$59.5	\$13.6	\$45.9
Gebeng Cracker & Separator Plant	233.5	40.9	192.6
Engineering & Project Management Costs	100.0	69.7	30.3
Other Capex including Land at Gebeng	74.1	54.4	19.7
Contingency (approximately 9%)	26.1	0.0	26.1
Total³	\$493.1	\$178.6	\$314.5

Working Capital & Production Ramp-up Costs	Future spend A\$m
Western Australia	\$42.9
Gebeng	52.2
Finance, Admin, Marketing, Technical & Corporate Overheads (incl. suspension costs)	25.5
Total³	\$120.6
Total Cash Requirement	\$435.1

³ Totals may not add up to sum of individual line items due to rounding

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Pro forma Balance Sheet

Following the Capital Raising, Lynas will strengthen its balance sheet and be funded to completion of Phase 1 of the Project:

Assets	30 June 2009 (A\$m)	Pro forma 30 June 2009 (A\$m)
Cash at bank	\$16.7	\$447.7
PPE	151.5	151.5
Other assets	49.7	49.7
Total assets	\$217.9	\$648.9

Liabilities	30 June 2009 (A\$m)	Pro forma 30 June 2009 (A\$m)
Debt	0.0	0.0
Other liabilities	19.9	19.9
Total liabilities	\$19.9	\$19.9

Net assets	\$198.0	\$629.0
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Rare Earths Project

Mt Weld Deposit and Concentration Plant

Mt Weld is located in the North-eastern Goldfields of Western Australia, approximately 32 kilometres southeast of Laverton, and 10km east of the Barrick Gold Corporation Granny Smith gold mine, formerly owned by Placer Dome. The Project is based on the Mt Weld carbonatite deposit, a concentration of Rare Earths elements.

The Mt Weld area is covered by four mining leases. Lynas, through its wholly owned subsidiary Mt Weld Mining Pty Limited, is the registered holder of three leases; the fourth lease is owned by CSBP Limited (**CSBP**). On 13 August 2009 Lynas announced that it had signed a formal sale agreement with CSBP to acquire apatite (phosphate) rights at Mt Weld owned by CSBP, allowing it also to acquire legal title of the CSBP mining lease.

The Mt Weld carbonatite intrusive was discovered in 1966 by follow-up investigation of a circular magnetic anomaly. Various parties have owned, or held interests in the deposit. Lynas first acquired its interest in the Project through the acquisition of Mt Weld Rare Earths Pty Limited in November 2000, and acquired 100% control of Mt Weld Mining Pty Limited (the tenement holding company) in April 2002. The deposit has been largely defined by reverse circulation drilling with some limited diamond drilling.

It is proposed to mine the ore from the Central Lanthanide Deposit at Mt Weld by open pit methods in a series of mining campaigns. The first mining campaign has been completed

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and approximately 770,000t of Rare Earths mineralised material has been stockpiled on site according to lithology and grade.

The deposit has an average overburden thickness of 25-30 metres comprising clay lake sediments and alluvial sands and gravels. The ore zone has an average thickness of 35m with a maximum thickness of around 60m. The maximum planned pit depth is approximately 90m.

At the Mt Weld site some initial earthworks and concrete foundation works have been completed for the concentration plant. Following completion of Phase 1, the concentration plant will have a capacity of 140,000tpa of ore and is expected to produce up to 35,000tpa of concentrate grading 40% Rare Earth Oxides (REO).

Malaysian Advanced Material Plant

Lynas is currently constructing an Advanced Material Plant (AMP) at Kuantan in the state of Pahang in eastern Malaysia. At the time of the Project's suspension, the site construction works were well advanced with piling approaching completion, storm water drains and holding ponds constructed, perimeter security fencing installed and site construction roads established. The site administration building framework was erected and the site main sub-station foundation completed. The site construction contractors have now de-mobilised; however, upon receiving full funding, site activity will recommence immediately.

Engineering works are sufficiently advanced to enable site activity to resume immediately upon receiving full funding. Further detailed engineering will be on-going alongside construction activity for several months after the re-start.

A significant proportion of major vendor supplied equipment has been contracted and is at an advanced stage of construction, and in some cases, delivered. The majority of the balance of equipment vendors, including all long lead-time items, have been identified.

Following completion of Phase 1, the REO plant will have a capacity to treat approximately 35,000tpa of concentrate grading 40% REO to produce 10,500tpa REO.

Marketing agreements

Lynas has signed four supply contracts and two letters of intent to date with major chemical companies that are global participants in the Rare Earths sector. The customer base has expressed continued support for the company and intent to purchase Lynas product.

Shareholder Enquiries

Retail shareholders will be sent details of the Lynas Capital Raising shortly. Retail shareholders who have questions regarding the Retail Entitlement Offer should call Lynas' Share Registry on (+61 8) 9315 2333 at any time from 8.00am to 5.00pm (WAST) Monday to Friday from Wednesday, 7 October 2009 to Wednesday, 4 November 2009.

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Disclaimer

This press release does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States, or to any person that is or is acting for the account or benefit of any U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")) ("U.S. Person"), or in any other jurisdiction. The securities in the proposed offering have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to or for the account or benefit of U.S. Persons except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

Caution regarding forward-looking statements

This press release contains forward-looking statements, which can usually be identified by the use of words such as "should", "could", "may", "will", "expect", "predict", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. These forward-looking statements, opinions and estimates provided in this news release are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Further, such forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this news release. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. Some of these risks are set out in Annexure A "Risk disclosure". You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to us as of the date of this news release. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements. The historical information in this announcement is, or is based upon, information that has been released to the market. For further information, please see announcements released to ASX including the Full Year accounts for the financial year ending 30 June 2009 which were released to the market on 29 September 2009.

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Annexure A – Risk Disclosure

1 Introduction

A number of risks and uncertainties, which are both specific to Lynas and of a more general nature, may affect the future operating and financial performance of Lynas and the value of Lynas shares. You should carefully consider the following risk factors, as well as the other information provided to you by Lynas in connection with the Capital Raising, and consult your financial and legal advisers before deciding whether to invest in the New Shares. The risks and uncertainties described below are not the only ones facing Lynas. Additional risks and uncertainties that Lynas is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Lynas' operating and financial performance.

2 Operational risks

Lynas is investing a significant amount of capital on a single project, the Rare Earths Project. The Project may be further delayed or be unsuccessful for many reasons, including unanticipated financial, operational or political events, cost overruns, decline in Rare Earths commodity prices and demand, equipment and labour shortages, technical concerns including possible reserves and deliverability difficulties, environmental impacts, increases in operating cost structures, community or industrial actions or other circumstances which may result in the delay, suspension or termination of Lynas' capital projects, the total or partial loss of the investment and a material adverse effect on Lynas' results of operations and financial condition.

a) Nature of mineral exploration and production

Mineral exploration and production involves risks, which even a combination of experience, knowledge and careful evaluation may not be able to be adequately mitigated. Mining operations are subject to hazards normally encountered in exploration and production. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment, which may cause a material adverse impact on Lynas' operations and its financial results. Commissioning of production at all projects may not proceed to plan with potential for delay in the timing of targeted production, and Lynas may not achieve the level of targeted production. Production levels may also be affected by factors beyond Lynas control.

b) Mineral and ore reserves

No assurance can be given that the anticipated tonnages and grades of ore will be achieved during production or that the indicated level of recovery will be realised. Material price fluctuations, as well as increased production costs or reduced recovery rates, may render ore reserves containing relatively lower grades uneconomic and may ultimately result in a restatement of such ore reserves. Moreover, short-term operating factors relating to ore

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reserves, such as the need for sequential development of ore bodies and the processing of new or different ore types or grades may cause a mining operation to be unprofitable in any particular accounting period.

c) Construction risks

Whilst the current cost estimates regarding the construction of its Mt Weld Concentration Plant and Malaysian Advanced Materials Plant are the best estimates currently available, there is no guarantee that final costs will equal current estimates.

d) Processing risks

Whilst a pilot concentration plant has been completed there is no certainty that the full-scale concentration plant will perform to design specifications.

The Rare Earths Cracking section of the Malaysian AMP has been pilot plant tested, however, there is no certainty on the time it will take to achieve steady state operation, due to scale-up and other potential commissioning issues.

The solvent extract and finishing section of the Malaysian AMP is based on well understood industry accepted technology but there can be no certainty on achieving design capacity.

e) Project developments

Project developments in which Lynas is, or may become, involved are subject to risks, including technical risk. Changes in reserves, commodity prices, exchange rates, constructions costs, design requirements and delays in construction may adversely affect the commerciality and economics of project development.

f) Other operational risks

In addition, industrial and labour disputes, work stoppages and accidents, logistical and engineering difficulties may also have an adverse effect on Lynas' profitability and share price.

3 Rare Earths market demand and price risks

Lynas' business relies primarily on the production and sale of Rare Earths products to a variety of buyers. Fluctuations in the global Rare Earths market may materially affect Lynas' financial performance. Demand for, and pricing of, Rare Earths products remain sensitive to external economic and political factors, many of which are beyond Lynas' control, including: worldwide Rare Earths supply and demand; the level of economic activity in the markets Lynas serves; regional political developments in Rare Earths-producing countries and regions (in particular China as the major producer of Rare Earths); the weather; the price and availability of new technology; and the availability and cost of Rare Earths substitutes. Accordingly, it is impossible to predict future Rare Earths price movements with certainty. Any sustained low Rare Earths prices or further declines in the price of Rare Earths will

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adversely affect Lynas' business, results of operations and its ability to finance planned capital expenditures, including development projects.

Sales contracts with various counterparties have been, and are further expected to be, entered into in relation to the Project, including two letters of intent (which are subject to entry into definite documentation). The conditionality and ability of the counterparties to meet their commitments under such arrangements may impact on Lynas' investment in the Project.

4 Credit and market risks

a) Currency risk

Lynas' operations incur expenditures principally in the local currencies of Malaysia and Australia. Revenue from operations and certain other capital and operating costs are in US dollars. Accordingly, Lynas is exposed to foreign exchange rate fluctuations which may materially affect its financial position and operating results.

b) Counterparty risk

As part of its ongoing commercial activities, Lynas enters into sales contracts with various third parties for the supply of chemicals and other materials. The ability of counterparties to meet their commitments under such an arrangement may impact on Lynas' business and financial condition.

c) Access to capital risk

Lynas' business and, in particular, development of large scale projects, relies on access to debt and equity financing. There is a risk that Lynas may not be able to access capital from these markets which would impact the ability to develop these projects.

d) Competition

Lynas' Rare Earths supply contracts and profits may be adversely affected by the introduction of new mining and development facilities and any increase in competition in the global Rare Earths market either of which could increase the global supply of Rare Earths and thereby potentially lower prices.

5 Regulatory and environmental risks

a) General regulatory risks

Lynas' business is subject, in each of the countries in which Lynas operates, to various national and local laws and regulations relating to the development, production, marketing, pricing, transportation and storage of Lynas' products. Permits from a variety of regulatory authorities are required for many aspects of mine operation and processing. A change in the laws which apply to Lynas' business or the way in which it is regulated could have a material adverse effect on Lynas' business and financial condition. Other changes in the regulatory

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environment (including applicable accounting standards) may have a material adverse effect on the carrying value of material assets or otherwise have a material adverse effect on Lynas' business and financial condition.

b) Environmental risks

Lynas' activities are subject to extensive laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment and interests of local communities. In the context of obtaining environmental permits, including the approval of reclamation plans, Lynas must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. With increasingly heightened government and public sensitivity to environmental sustainability, environmental regulation is becoming more stringent, and Lynas could be subject to increasing environmental responsibility and liability, including laws and regulations dealing with air quality, water and noise pollution and other discharges of materials into the environment, plant and wildlife protection, the reclamation and restoration of certain of its properties, greenhouse gas emissions, the storage, treatment and disposal of wastes and the effects of its business on the water table and groundwater quality.

Sanctions for non-compliance with these laws and regulations may include administrative, civil and criminal penalties, revocation of permits and corrective action orders. These laws sometimes apply retroactively. In addition, a party can be liable for environmental damage without regard to that party's negligence or fault.

In addition, the Australian Federal Government has proposed a national emissions trading scheme. While it is currently proposed that the scheme will be implemented by 2011, there is no certainty it will occur in this timeframe. If the scheme is introduced in the form currently proposed by the Government (which is not certain), Lynas may be exposed to additional operating costs which will have an adverse impact on its financial performance. However, until the scheme is finalised, the impact of the scheme on Lynas' business and financial condition is uncertain.

c) Government actions

Lynas' operations could be affected by government actions in Australia, Malaysia and other countries or jurisdictions in which it has interests. These actions include government legislation, guidelines and regulations in relation to the environment, the Rare Earths sector, competition policy, native title and cultural heritage. Such actions could impact on land access, the granting of licenses and other tenements, the approval of developments and freedom to conduct operations.

The possible extent of introduction of additional legislation, regulations, guidelines or amendments to existing legislation that might affect Lynas' business is difficult to predict. Any such government action may require increased capital or operating expenditures and could

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prevent or delay certain operations by Lynas, which could have a material adverse effect on Lynas' business and financial condition.

d) Security of Tenure

The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on Lynas being successful in obtaining required statutory approvals for proposed activities. While Lynas anticipates that subsequent renewals will be given as and when sought, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

6 Tax risks

Lynas is subject to taxation and other imposts in Australia and Malaysia. Future changes in taxation laws in those countries, including changes in interpretation or application of existing laws by the courts or taxation authorities in those jurisdictions, may affect taxation treatment of Lynas securities or the holding or disposal of those securities.

In addition to the normal level of income tax imposed on all industries, companies in resources sector are required to pay government royalties, direct and indirect taxes and other imposts. The profitability of companies in these industries can be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies.

7 Political risks

Lynas has operations in Australia and Malaysia. Lynas is subject to a risk that it may not be able to carry out its overseas operations as it intends to and ensure the security of its assets located outside Australia, and is subject to risks of, among other things, loss of revenue, property and equipment as a result of hazards such as expropriation, war, insurrection and acts of terrorism and other political risks and increases in taxes and government royalties. The effects of these factors are difficult to predict and any combination of one or other of the above may have a material adverse effect on Lynas.

8 Dividend policy

Lynas has paid no dividends on Shares since its date of incorporation nor does it anticipate paying dividends on Shares during the current financial year. Lynas expects to retain all earnings and other cash resources in the short term for the future operation and development of its business. Payment of any future dividends will be at the discretion of Lynas' board of directors after taking into account many factors, including Lynas' operating results, financial condition and current and anticipated cash needs.

9 Risks relating to equity investments and markets

Investors should be aware that there are risks associated with any investment listed on ASX. The value of Lynas shares may rise above or fall below the Offer Price, depending on the

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financial condition and operating performance of Lynas. Further, the price at which Lynas shares trade on ASX may be affected by a number of factors unrelated to the financial and operating performance of Lynas and over which Lynas and its directors have no control. These external factors include:

- Economic conditions in Australia and overseas;
- Investor sentiment in the local and international stock markets;
- Changes in fiscal, monetary, regulatory and other government policies; and
- Geo-political conditions such as acts or threats of terrorism or military conflicts

Investors should note that the historic share price performance of Lynas shares provides no guidance as to its future share price performance.

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Annexure B – Important Information

This announcement and the accompanying information have been prepared by Lynas.

Ends

Lynas stock symbols: LYC (Australian Securities Exchange)

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Business Update and Capital Raising

29 September 2009



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Disclaimer

This Presentation has been prepared by Lynas Corporation Limited (ABN 27 009 066 646) ("Lynas" or the "Company"). This Presentation contains summary information about Lynas and its subsidiaries ("Lynas Group") and their activities current as at the date of this Presentation. The information in this Presentation is of general background and does not purport to be complete or to comprise all the information that a shareholder or potential investor in Lynas may require in order to determine whether to deal in Lynas shares. It should be read in conjunction with Lynas Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au. This document is not a prospectus or a product disclosure statement under the Corporations Act (CPI) 2001 (Corporations Act) and has not been lodged with the Australian Securities and Investments Commission (ASIC). In-group relief has been granted by ASIC to allow Lynas to conduct the capital raising on an undocument basis under sections 723A and 706AA of the Corporations Act as modified by ASIC Class Order 08/35. Formal instruments of relief have not yet been obtained and will be required before the offer to raise investors is made.

Not investment or financial product advice

This Presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire Lynas shares and has been prepared without taking into account the recipient's financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. Lynas is not licensed to provide financial product advice in respect of Lynas shares. Cooling off rights do not apply to the acquisition of Lynas shares.

Financial data

All dollar values are in Australian dollars (A\$) unless stated otherwise and financial data is presented within the financial year end of 30 June 2009 unless stated otherwise. The pro forma financial financial information included in this Presentation does not purport to be in compliance with Article 17 of Regulation 5 N of the rules and regulations of the US Securities and Exchange Commission.

Past performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Future performance

This Presentation contains certain "forward-looking statements". The words "expect", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Forward looking statements regarding earnings, production, and other matters are based on assumptions and contingencies which are subject to change without notice. They are statements about market and industry trends which are based on interpretations of current market conditions. Such forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an individual or a guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

The financial information in this Presentation is, or is based upon, information that has been released to the market. For further information, please see announcements released to ASX including Full Year accounts for the financial year ending 30 June 2009 and released to the market on 23 September 2009.

Investment Risk and other risks

An investment in Lynas shares is subject to investment and other known and unknown risks, some of which are beyond the control of Lynas Group, including risk factors associated with the industry in which Lynas Group operates, such as nature of mineral exploration and production, market and price volatility, construction risks, progressing risks, project development, market price and demand risk, credit and market risks, regulatory, political and environmental risks, tax and other risks generally relating to equity investment. Please see Appendix A of this Presentation and the accompanying ASX announcement which was released to ASX on 29 September 2009 for further details regarding investment and other risks associated with investing in Lynas shares.



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Underwriter and Company's advisers

The Underwriter and the Company's advisers have not authorized, permitted or caused the issue, redemption, submission, deposit or provision of this Presentation and do not make or purport to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by the Underwriter or the Company's advisers. The Underwriter and the Company's advisers and their respective affiliates, officers and employees, to the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this document and make no representation or warranty as to the currency, accuracy, reliability or completeness of information.



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Business update

- ▶ On 1 May 2009, Lynas announced that it had entered into a Heads of Agreement with China Nonferrous Metal Mining (Group) Co., Ltd ("CNMC") in relation to a proposed equity and debt investment
 - The transaction was subject to a number of conditions including the Australian Foreign Investment Review Board ("FIRB") approval
- ▶ On 24 September 2009, Lynas announced that CNMC had terminated consideration of its proposed equity investment in Lynas because of additional undertakings sought by FIRB
- ▶ Lynas will now seek to raise up to approximately A\$450 million via a fully underwritten unconditional placement, a 1-for-1 non-renounceable entitlement offer and, subject to shareholder approval, a conditional placement
- ▶ Proceeds from the equity offer will be used to fund the completion of Phase 1 of the Rare Earths Project:
 - 10,500t Rare Earths Oxides ("REO") production per annum at end of Phase 1



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Equity offer details

- ▶ **A\$450 million fully underwritten equity offer comprising three tranches:**
 - Approximately A\$88 million unconditional placement ("Unconditional Placement")
 - Approximately A\$295 million 1-for-1 non-renounceable entitlement offer ("Entitlement Offer")
 - Approximately A\$67 million conditional placement ("Conditional Placement")
 - Subject to shareholder approval at an EGM expected to be held on 9 November 2009
- ▶ **Ranking**
 - New shares issued rank equally with existing Lynas shares
- ▶ **Offer price of A\$0.45 per share**
 - 50.0% discount to last close of A\$0.90 (last trade on 23 September 2009, prior to trading halt)
 - 33.3% discount to TERP¹ of A\$0.675
- ▶ **Timetable**
 - Institutional Entitlement Offer and Placements² from 29 September 2009 to 30 September 2009
 - Trading on ASX expected to recommence on 1 October 2009
 - Retail Entitlement Offer opens on 7 October 2009 and closes on 23 October 2009

¹ Theoretical ex-rights price. Excludes the New Shares to be issued under the Unconditional Placement and the Conditional Placement
² Refers to both the Unconditional Placement and Conditional Placement



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Key investment highlights

- ✓ **Lynas owns Rare Earths deposits and will be one of the only major suppliers outside of China**
 - China supplies 95% of global demand and this supply is currently being limited by Chinese Government export and production quotas
- ✓ **Lynas to benefit from positive demand / supply thematic**
 - Demand is expected to grow; supply growth remains uncertain
 - Rare Earths underpins new technologies (e.g. hybrid vehicles, catalytic converters, wind turbine generators) alongside traditional applications (e.g. glass polishing, display phosphors, FCCs)
 - Substitutes are generally not available for these applications
- ✓ **Funding will provide a clear path to production**
 - Proceeds will be used to fund the completion of Phase 1 of the Rare Earths Project (i.e. complete construction of the key facilities which are currently well advanced)
 - Conservative balance sheet allows for future growth potential
- ✓ **High quality resource base at Mt Weld**
 - Average mine plan head grade of 15%
 - Large resource base - mine life in excess of 20 years
- ✓ **Off-take agreements secured**
 - ~70% of Phase 1 (10.5ktpa) production presold for a term of 3 - 5 years



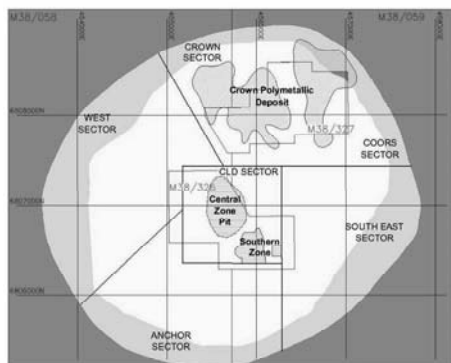
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Mt Weld has an attractive resource base and significant growth potential

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)

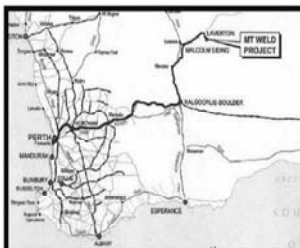


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Lynas Mt Weld will be the 1st fully integrated new source of supply outside of China



Mining - Australia

- Open pit mining at Mt Weld
- Contractor mining on a campaign basis

Rare Earths Concentration - Australia

- Concentrator using flotation to be constructed at Mt Weld
- Containers used to ship concentrate to Malaysia

Cracking and Initial Separation - Malaysia

- Purpose built processing plant to produce intermediate Rare Earths products

Separation to Individual Rare Earths - Malaysia

- Rare Earths separated into individual Rare Earths of various purities for commercial use, different Rare Earths depending upon the application



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Concentration Plant Status at Mt Weld

- ▶ 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

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

770,000t mined and on surface



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Malaysian Advanced Material Plant Status

- ▶ Engineering Design substantially completed
- ▶ 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
- ▶ Majority of equipment purchased or preferred vendor identified, including for all long lead time items



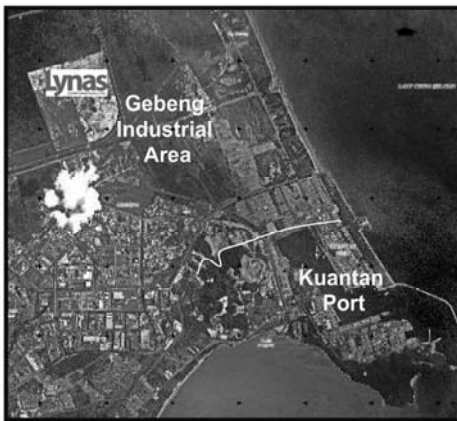
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Lynas has secured land for the processing plant on Malaysia's east coast

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



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Sources and Uses

Sources	A\$m
Existing cash balances	\$4.1
Proceeds from equity raising	\$450.0
Total	\$454.1

Uses	A\$m
Construction and other capital costs – Phase 1	\$314.5
Working capital and production ramp-up costs – Phase 1	\$120.6
Estimated fees and expenses	\$19.0
Total	\$454.1

Proceeds from the equity raising will be used to fund the completion of Phase 1 of the Rare Earths Project



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Supply agreements have been signed

1st Customer Agreement - Supply Contract

- ~US\$90M¹
- Long term 5 year contract
- Cerium, Europium, Terbium & Lanthanum

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

2nd Customer Agreement - Supply Contract

- ~US\$200M¹
- Long term 5 year contract
- Neodymium & Praseodymium

5th Customer Agreement – Letter of Intent

- ~US\$80M¹
- Long term multiple year contract
- Product from Phase I & Phase II of final separation and product finishing plant in Malaysia

3rd Customer Agreement - Supply Contract

- ~US\$20M¹
- 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\$80M¹
- Long term multiple year contract
- Product from Phase I & Phase II of final separation and product finishing plant in Malaysia

Four supply contracts and two letters of intent signed



¹ Values reflect market prices at signing of contract

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Pro forma 30 June 2009 balance sheet (adjusted for the capital raise)

Assets	30 June 09 (A\$'000)	Pro forma 30 June 09 (A\$'000)
Cash and cash equivalents	\$16.7	\$447.7
PPE	151.5	151.5
Other Assets	49.7	49.7
Total Assets	\$217.9	\$648.9
Liabilities	30 June 09 (A\$'000)	Pro forma 30 June 09 (A\$'000)
Debt	\$0.0	\$0.0
Other Liabilities	19.9	19.9
Total Liabilities	\$19.9	\$19.9
Net Assets	\$198.0	\$629.0

Source: FY2009 Preliminary Final Report

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Summary of estimated capital and operating costs to fund Phase 1 of the Rare Earths Project

Construction & Other Capital Costs	Total A\$m	Capex spent to date A\$m	Future capex A\$m
WA Concentration Plant	\$59.5	\$13.6	\$45.9
Gebeng Cracker & Separator Plant	233.5	40.9	192.6
Engineering & Project Management Costs	100.0	69.7	30.3
Other Capex including Land at Gebeng	74.1	54.4	19.7
Contingency (approximately 9%)	26.1	0.0	26.1
Total¹	\$493.1	\$178.6	\$314.5
Working Capital & Production Ramp-up Costs			Future spend A\$m
Western Australia			\$42.9
Gebeng			52.2
Finance, Admin, Marketing, Technical & Corporate Overheads (incl. suspension costs)			25.5
Total¹			\$120.6
Total Cash Requirement¹			\$435.1

Significant proportion of equipment and procurement capital costs are contracted

¹ Totals may not add up to sum of individual line items due to rounding

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Appendix A

► Key risk factors



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Offer timetable

Event	Date
Institutional Entitlement Offer and Placements ¹ open	Tuesday, 29 September 2009
Record date to determine eligibility to participate in the entitlement offer	5.00pm (WAST) Tuesday, 29 September 2009
Institutional Entitlement Offer and Placements ¹ close	Wednesday, 30 September 2009
Trading halt lifted and shares recommence trading	Thursday, 1 October 2009
Retail Entitlement Offer opens	Wednesday, 7 October 2009
Settlement of Institutional Entitlement Offer and Unconditional Placement	Monday, 12 October 2009
Expected trading date of New Shares issued under the Institutional Entitlement Offer and Unconditional Placement	Tuesday, 13 October 2009
Retail Entitlement Offer closes	5.00pm (WAST) Friday, 23 October 2009
Expected trading date of New Shares issued under the Retail Entitlement Offer	Wednesday, 4 November 2009
Date of EGM to vote on the Conditional Placement	Monday, 9 November 2009
Settlement of Conditional Placement (if approved)	Wednesday, 11 November 2009
Expected trading date of New Shares issued under the Conditional Placement (if approved)	Thursday, 12 November 2009

Note: All dates are indicative only and subject to change. All references in time are West Australian Standard Time unless otherwise stated.
¹ Refers to both the Unconditional Placement and Conditional Placement.



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Key risk factors (cont.)

3) Rare Earths market demand and price risks

Lynas business relies primarily on the production and sale of Rare Earths products to a variety of buyers. Fluctuations in the global Rare Earths market may materially affect Lynas' financial performance. Demand for, and pricing of, Rare Earths products remain sensitive to external economic and political factors, many of which are beyond Lynas' control, including worldwide Rare Earths supply and demand, the level of economic activity in the markets Lynas serves, regional political developments in Rare Earths-producing countries and regions (in particular China as the major producer of Rare Earths), the weather, the price and availability of raw technology and the availability and cost of Rare Earths substitutes. Accordingly, it is impossible to predict future Rare Earths price movements with certainty. Any sustained low Rare Earths prices or further declines in the price of Rare Earths will adversely affect Lynas' business, results of operations and its ability to finance planned capital expenditures, including development projects.

Sales contracts with various counterparties have been, and are further expected to be, entered into in relation to the Project, including two letters of intent, which are subject to entry into definitive documentation. The conditionality and ability of the counterparties to meet their commitments under such arrangements may impact on Lynas' investment in the Project.

4) Credit and market risks

a) Currency risk

Lynas' operations incur expenditures primarily in the local currencies of Malaysia and Australia. Revenue from operations and certain other capital and operating costs are in US dollars. Accordingly, Lynas is exposed to foreign exchange rate fluctuations which may materially affect its financial position and operating results.

b) Counterparty risk

As part of its ongoing commercial activities, Lynas enters into sales contracts with various third parties for the supply of chemicals and other materials. The ability of counterparties to meet their commitments under such arrangements may impact on Lynas' business and financial condition.

c) Access to capital risk

Lynas' business and, in particular, development of large scale projects, relies on access to debt and equity financing. There is a risk that Lynas may not be able to access capital from the markets which would impact the ability to develop these projects.

d) Competition

Lynas' Rare Earths supply contracts and profits may be adversely affected by the introduction of new mining and development facilities and any increase in competition in the global Rare Earths market either of which could increase the global supply of Rare Earths and thereby potentially lower prices.



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Key risk factors

1) Introduction

A number of risks and uncertainties, which are both specific to Lynas and of a more general nature, may affect the future operating and financial performance of Lynas and the value of Lynas shares. You should carefully consider the following risk factors, as well as the other information provided to you by Lynas in connection with the Capital Raising, and consider your financial and legal advisers before deciding whether to invest in the New Shares. The risks and uncertainties described below are not the only ones facing Lynas. Additional risks and uncertainties that Lynas is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Lynas' operating and financial performance.

2) Operational risks

Lynas is investing a significant amount of capital on a single project, the Rare Earths Project. The Project may be further delayed or be unsuccessful for many reasons, including unanticipated financial operations or political events, cost overruns, declines in Rare Earths commodity prices and demand, equipment and labour shortages, technical concerns including possible reserves and deliverability difficulties, environmental impacts, increases in operating costs, strikes, loss of commodity or industrial interests or other circumstances which may result in the delay, suspension or termination of Lynas' capital projects, the total or partial loss of the investment and a material adverse effect on Lynas' results of operations and financial condition.

a. Nature of mineral exploration and production

Mineral exploration and production involves risks, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. Mining operations are subject to hazards from a range of encounters in exploration and production. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment, which may cause a material adverse impact on Lynas' operations and financial results. Continued mining of production at all projects may not proceed to plan with potential for delay in the timing of targeted production, and Lynas may not achieve the level of targeted production. Production levels may also be affected by factors beyond Lynas' control.

b) Mineral and ore reserves

No assurance can be given that the anticipated tonnages and grades of ore will be achieved during production or that the anticipated level of recovery will be realised. Market price fluctuations, as well as increasing production costs or reducing recovery rates, may render ore reserves containing relatively lower grades uneconomic and may ultimately result in a realisation of such ore reserves. Moreover, shortfalls in operating factors relating to ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore types or grades may cause a mining operation to be unprofitable in any particular accounting period.

c. Construction risks

Whilst the current cost estimates regarding the construction of the Mt Weld Concentration Plant and Malaysian Advanced Materials Plant are the best estimates currently available, there is no guarantee that final costs will equal current estimates.

d) Processing risks

Whilst a pilot concentration plant has been completed there is no certainty that the full-scale concentration plant will perform to design specifications.

The Rare Earths Cracking section of the Malaysian AMP has been pilot plant tested, however, there is no certainty on the time it will take to achieve steady state operation, due to scaling-up and other potential commissioning issues.

The solvent extract and finish section of the Malaysian AMP is based on well understood, industry accepted technology but there can be no certainty on achieving design capacity.

e) Project management

Project developments in which Lynas is, or may become, involved are subject to risks, including technical risk. Changes in reserves, commodity prices, exchange rates, construction costs, design requirements and delays in construction may adversely affect the commerciality and economics of project development.

f) Other operational risks

In addition, industrial and labour disputes, work stoppages and accidents, logistical and engineering difficulties may also have an adverse effect on Lynas' profitability and share price.



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Key risk factors (cont.)

6) Tax risks

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7) Political risks

Lynas has operations in Australia and Malaysia. Lynas is subject to a risk that it may not be able to carry out its overseas operations as it intends to and ensure the security of its assets located outside Australia, and is subject to risks of, among other things, loss of revenue, property and equipment as a result of hazards such as expropriation, war, insurrection and acts of terrorism and other political risks and increases in taxes and government royalties. The effects of these factors are difficult to predict and any combination of one or more of the above may have a material adverse effect on Lynas.

8) Dividend policy

Lynas has paid no dividends on its Shares since its date of incorporation nor does it anticipate paying dividends on its Shares during the current financial year. Lynas expects to reinvest all earnings and other cash resources in the short term for the future operations and development of its business. Payment of any future dividends will be at the discretion of Lynas board of directors after taking into account many factors, including Lynas' operating results, financial condition and current and anticipated cash needs.

9) Risks relating to equity investments and markets

Investors should be aware that there are risks associated with any investment listed on ASX. The value of Lynas shares may rise above or fall below the Offer Price, depending on the financial condition and operating performance of Lynas. Further, the price at which Lynas shares trade on ASX may be affected by a number of factors unrelated to the financial and operating performance of Lynas and over which Lynas and its directors have no control. These external factors include:

- Economic conditions in Australia and overseas;
- Investor sentiment in the local and international stock markets;
- Changes in local, monetary, regulatory and other government policies; and
- Geopolitical conditions such as acts or threats of terrorism or military conflicts.

Investors should note that the historical share price performance of Lynas shares provides no guidance as to its future share price performance.



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Key risk factors (cont.)

5) Regulatory and environmental risks

a) General regulatory risks

Lynas' business is subject, in each of the countries in which Lynas operates, to various national and local laws and regulations relating to the development, production, marketing, pricing, transportation and storage of Lynas' products. Permits from a variety of regulatory authorities are required for many aspects of mine operation and processing. A change in the laws which apply to Lynas' business or the way in which it is regulated, could have a material adverse effect on Lynas' business and financial condition. Other changes in the regulatory environment, including accounting standards, may have a material adverse effect on the carrying value of mineral assets or otherwise have a material adverse effect on Lynas' business and financial condition.

b) Environmental risks

Lynas' activities are subject to extensive laws and regulations controlling not only the mining and exploration for mineral properties, but also the possible effects of such activities upon the environment and interests of local communities. In the context of obtaining environmental permits, including the approval of reclamation plans, Lynas must comply with national standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are interpreted by the permitting authority. With increasing globalised government and public sensitivity to environmental sustainability, environmental regulation is becoming more stringent and Lynas could be subject to increasing environmental responsibility and liability, including laws and regulations dealing with air quality, water and noise pollution and other discharges of materials into the environment, plant and wildlife protection, the reclamation and restoration of certain of its properties, greenhouse gas emissions, the storage, treatment and disposal of wastes and the effects of its business on the water table and groundwater quality.

Sanctions for non-compliance with these laws and regulations may include administrative, civil and criminal penalties, revocation of permits and corrective action orders. These laws sometimes apply retroactively. In addition, a party can be liable for environmental damage without regard to that party's negligence or fault.

In addition, the Australian Federal Government has proposed a national emissions trading scheme. While it is currently proposed that the scheme will be implemented by 2011, there is no certainty it will occur in this timeframe. If the scheme is implemented in the form currently proposed by the Government (which is not certain), Lynas may be exposed to additional operating costs which will have an adverse impact on its financial performance. However, until the scheme is finalised, the impact of the scheme on Lynas' business and financial condition is uncertain.

c) Government actions

Lynas' operations could be affected by government actions in Australia, Malaysia and other countries or jurisdictions in which it has interests. These actions include government legislation, guidelines and regulations in relation to the environment, the Free Trade Sector competition policy, mine title and claims, foreign exchange. Such actions could impact on, and restrict, the granting of licences and other permits; the approval of developments and freedom to conduct operations.

The possible extent of introduction of additional legislation, regulations, guidelines or amendments to existing legislation that might affect Lynas' business is difficult to predict. Any such government action may require increased capital or operating expenditures and could prevent or delay certain operations by Lynas, which could have a material adverse effect on Lynas' business and financial condition.

d) Security of Tenure

The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on Lynas being successful in obtaining required statutory approvals for proposed activities. While Lynas anticipates that subsequent renewals will be given as and when sought, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new tenements will not be imposed in connection therewith.



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Foreign selling restrictions

United States

The securities in the proposed offering have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities in the proposed offering may not be offered, sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

This Presentation does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this Presentation nor anything contained in it shall form the basis of any contract or commitment. In particular, this Presentation does not constitute an offer to sell or a solicitation of an offer to buy, securities in the United States or to any U.S. Person. This Presentation may not be distributed or released in the United States or to, or for the account or benefit of, any U.S. Person.

New Zealand

The information in this announcement is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 for any other relevant New Zealand law. This Presentation may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain. The New Shares will be offered to the public of New Zealand under the Retail Entitlement Offer Booklet in reliance on the Securities Act (Division 2) Companies (External) Notice 2012 (New Zealand).

United Kingdom

Neither the information in this Presentation nor any accompanying or other document has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of Section 85 of FSMA) has been published or is intended to be published in respect of the New Shares.

Each of Lynas and the underwriter have:

(a) complied and will comply with all applicable provisions of Financial Services and Markets Act 2000 of the United Kingdom (the "FSMA") with respect to anything done by them in relation to the New Shares in, from or otherwise involving the United Kingdom; and

(b) only communicated or caused to be communicated, and will only communicate or cause to be communicated in the United Kingdom any invitation or inducement to engage in investment activity which in the meaning of Section 21 of FSMA received by them in connection with the issue or sale of the New Shares in circumstances in which Section 21(1) of FSMA does not apply to Lynas.

Switzerland

The New Shares may not and will not be publicly offered, sold, advertised, distributed or redistributed, directly or indirectly, in or from Switzerland, and no solicitation for investments in the New Shares may be communicated, distributed or otherwise made available in Switzerland in any way that could constitute a public offering within the meaning of article 652a of the Swiss Code of Obligations ("CO") or of article 3 of the Swiss Federal Act on Collective Investment Schemes ("CISA").

New Shares may only be offered to qualified investors such as banks, securities dealers, insurance institutions, fund management companies and high net worth individuals in circumstances such that there is no public offering.

The information in this Presentation does not constitute a public offering prospectus within the meaning of article 652a and may not comply with the information standards required thereunder.

Lynas has not applied for a listing of the New Shares on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this Presentation does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange.



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Appendix B

► Foreign selling restrictions



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Foreign selling restrictions (cont.)

Italy

The information in this Presentation and any other materials in connection with the offer of the New Shares relating to Italy are for distribution in compliance with any applicable law and regulation, only to qualified investors in Italy pursuant to Article 100-bis of Legislative Decree No. 58 of February 24, 1998 (the "Unified Financial Act") and the implementing regulation issued by Commissione Nazionale per le Società e la Borsa ("CONSOB") and Article 2, first of the Prospectus Directive (the "Qualified Investors"), all as amended. The distribution of this Presentation and of any other materials in connection with the offer of the New Shares relating to Italy does not constitute and it is not intended to be an offer to the public within the meaning of Article 1(11) of the Unified Financial Act. In no circumstances should these documents circulate among or be distributed, in Italy to individuals or entities falling outside the definition of Qualified Investors. New Shares may not be offered or sold, directly or indirectly, in Italy or to a resident of Italy, other than to a Qualified Investor and in compliance with the terms and procedures set forth in any applicable law and regulation. Any such offer or any distribution of this Presentation and any other materials in connection with the offer of the New Shares relating to Italy will in Italy (i) only be conducted either by banks, investment firms (as defined in the Unified Financial Act) or financial institutions endorsed in the Special Register provided for by Article 100 of Legislative Decree No. 385 of September 1, 1993, or intended to the extent such entities are duly authorized to perform the service of a subscription and/or placement with a maximum of 100 securities in a strictly controlled manner to investors and/or placement without loss of standing investment in issuers in Italy in accordance with the relevant provisions of the Unified Financial Act and in compliance with any applicable notification requirement or limitation imposed upon the offer of shares by CONSOB or the Bank of Italy. Any investor purchasing New Shares is solely responsible for ensuring that any offer or resale of such New Shares occurs in compliance with applicable laws and regulations. This Presentation and any other materials in connection with the offer of the New Shares relating to Italy are intended for the use of the intended recipient only and are not to be distributed for any reason to any third party resident or located in Italy. No person resident or located in Italy or other than the original recipients of this Presentation and any other materials in connection with the offer of the New Shares may rely on this information and any other such materials. This Presentation and any other materials in connection with the offer of the New Shares relating to Italy have not been and will not be registered with CONSOB pursuant to Italian securities legislation and accordingly may not be distributed to the public in Italy or used in connection with any offer to purchase or sell any rights or shares to the public in Italy.

Norway

This information has not been approved by, or registered with, any Norwegian securities regulators pursuant to the Norwegian Securities Trading Act of 29 June 2007, as amended. Accordingly, neither the information nor any other offering material relating to the New Shares constitutes or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007. The New Shares may not be offered or sold, directly or indirectly, in Norway except:

- in respect of an offer of New Shares addressed to investors subject to a minimum purchase of New Shares for a total net amount of not less than €50,000 per investor;
- to "professional investors" (as defined in the Norwegian Securities Regulation of 29 June 2007 no. 876, being:
 - legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
 - any legal entity which is registered as a professional investor with the Oslo Stock Exchange (in Norwegian, Oslo Børs) and which:
 - has two or more of
 - an average of at least 250 employees during the last financial year;
 - a total balance sheet of more than €43,000,000; and
 - an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- any natural person which is registered as a professional investor with the Oslo Stock Exchange (in Norwegian, Oslo Børs) and which has two or more of
 - an average of at least ten (10) transactions in securities of significant volume per quarter for the last four quarters;
 - a portfolio of securities with a market value of at least €500,000 and
 - worked or works, for at least one year, within the financial markets in a position which presupposes knowledge of investing in securities;
- to fewer than 100 natural or legal persons (other than "professional investors" as defined in the Norwegian Securities Regulation of 29 June 2007 no. 876) subject to obtaining the prior consent of the Sole Lead Manager for any such offer;
- in any other circumstances provided that no such offer of New Shares shall result in a requirement for the registration, or the publication by Lynas or the underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 2007.



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Foreign selling restrictions (cont.)

European Economic Area (which includes Belgium, Sweden, Luxembourg, the Netherlands and Germany)

The information in this Presentation has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of securities.

Accordingly, Lynas may be intending to make any offer within the EEA of New Shares which are subject to the provisions contemplated in the information in this Presentation only to those persons in the EEA who are qualified investors for Lynas or the underwriter to produce a prospectus for such offer. Neither Lynas nor the underwriter has authorized, nor do they authorize, the making of any offer of New Shares through any financial institution, other than offers made by the underwriter which constitute the final placement of New Shares contemplated in the information in this Presentation.

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each a "Relevant Member State") an offer to the public of any New Shares may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any New Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (1) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (2) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year or, in Sweden, each of last two financial years; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (3) to fewer than 100 natural or legal persons (other than defined as qualified investors in the Prospectus Directive) subject to obtaining the prior consent of Lynas and the underwriter for any such offer; or
- (4) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by Lynas of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "offer to the public" in relation to any New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer of any New Shares to be offered, so as to enable an investor to decide to purchase any New Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each subscriber for or purchaser of New Shares in the offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of the local law of the Relevant Member State implementing Article 3(1) of the Prospectus Directive ("Qualified Investor") or, if such implementation has not taken place within the meaning of Article 2(1) of the Prospectus Directive respectively. In the case of any New Shares being offered to a financial intermediary as to whom it is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed with the underwriter and Lynas that (1) the New Shares acquired by it have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than Qualified Investors, as that term is defined by the local law of the Relevant Member State or as defined in the Prospectus Directive respectively, or in circumstances in which the prior consent of the underwriter has been obtained to each such proposed offer or resale.

Liechtenstein

The New Shares have not been offered or sold and will not be offered or sold in Liechtenstein by way of public offering, except to qualified investors as defined in Article 3 paragraph 1(1) g) of the Liechtenstein Securities Prospectus Act (LGSB 2007:196) only.



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Appendix C

► Note on reserves and resources



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Foreign selling restrictions (cont.)

Hong Kong

The contents of this Presentation have not been reviewed or approved by any regulatory authority in Hong Kong.

The information in this Presentation has not been, and will not be, registered as a prospectus in Hong Kong under the Companies Ordinance (Cap. 32) ("CO") nor has it been authorized by the Securities and Futures Commission ("SFC") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong (the "SFO"). Accordingly, the information must not be issued, circulated or distributed in Hong Kong other than:

- to "professional investors" within the meaning of SFO and any rules made under that ordinance ("Professional Investors"); or
- in other circumstances which do not result in the information in this Presentation being a "prospectus" as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may, in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to shares which are or are intended to be disposed of only in persons outside Hong Kong or only to Professional Investors.

No person allotted New Shares may sell or offer to sell such Shares to the public in Hong Kong within six months following the date of issue of such New Shares.

This offering is not an offer for sale to the public in Hong Kong and it is not the intention of Lynas that the New Shares be offered for sale to the public in Hong Kong.

Singapore

The offer of New Shares by Lynas is made only to and directed at, and the New Shares are only available to, persons in Singapore who are existing holders of the Shares previously issued by Lynas.

The information in this Presentation has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the information and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares may not be circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an existing holder of Shares pursuant to Section 27(1)(c)(ii) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or its pursuant to, and in accordance with, the conditions of an exemption under any provision of Subsection (1) of Division 4 of Part XIII of the SFA.

Other jurisdictions

The New Shares may not be offered or sold in any other jurisdiction under the Companies Act, except to persons to whom such offer, sale or distribution is permitted under applicable laws.



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Note on reserves and resources

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.



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1 October 2009

Successful completion of institutional component of Capital Raising

Lynas Corporation Limited (ABN 27 009 066 648) (ASX code: LYC) (**Lynas** or the **Company**) today announced that it has successfully completed the institutional component of the entitlement offer and the institutional placements as part of its recently announced equity raising to raise up to approximately A\$450 million (**Capital Raising**).

A total of \$285 million has been committed by institutional investors, consisting of:

- A\$130 million from the institutional component of the 1-for-1 non-renounceable pro-rata entitlement offer (**Entitlement Offer**) (**Institutional Entitlement Offer**);
- A\$88 million from the unconditional placement of the new fully paid ordinary shares in Lynas (**New Shares**) (**Unconditional Placement**); and
- A\$67 million from the conditional placement of New Shares (**Conditional Placement**).

In addition, the retail component of the Entitlement Offer will raise approximately \$165 million (**Retail Entitlement Offer**) and is fully underwritten.

The Institutional Entitlement Offer, Unconditional Placement and Conditional Placement were heavily oversubscribed with strong demand from new and existing Australian and international institutional investors.

Commenting on the success of the institutional component of the Capital Raising, Lynas' Executive Chairman, Mr. Nicholas Curtis said, "We are delighted with the strong support that our institutional shareholders have shown for the capital raising and for Lynas. I look forward to an equally strong participation from our retail shareholder base and support for the conditional placement at the extraordinary general meeting."

New Shares issued under the Institutional Entitlement Offer and Unconditional Placement will rank equally with existing fully paid ordinary shares in Lynas and are expected to be issued on Tuesday, 13 October 2009. Trading on the Australian Securities Exchange (**ASX**) will commence on the same day.

Existing fully paid ordinary shares in Lynas will recommence trading on the ASX today.

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Retail Entitlement Offer

The Retail Entitlement Offer will open on Wednesday, 7 October 2009 and close at 5.00pm (Perth time) on Friday, 23 October 2009. Eligible retail shareholders will have the opportunity to participate at the same price and entitlement ratio as institutional shareholders did under the Institutional Entitlement Offer.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer for New Shares will need to have regard to the retail offer booklet and personalised entitlement and acceptance application form which is expected to be mailed to each eligible retail shareholder on 2 October 2009.

Shareholder Enquiries

Retail shareholders will be sent details of the Lynas Capital Raising shortly. Retail shareholders who have questions regarding the Retail Entitlement Offer should call Lynas' Share Registry on (+61 8) 9315 2333 at any time from 8.00am to 5.00pm (WAST) Monday to Friday during the Retail Offer period.

Disclaimer

This press release does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States, or to any person that is or is acting for the account or benefit of any U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")) ("U.S. Person"), or in any other jurisdiction. The securities in the proposed offering have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to or for the account or benefit of U.S. Persons except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

Caution regarding forward-looking statements

This press release contains forward-looking statements, which can usually be identified by the use of words such as "should", "could", "may", "will", "expect", "predict", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. These forward-looking statements, opinions and estimates provided in this press release are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Further, such forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those

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expressed in the statements contained in this press release. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to us as of the date of this press release. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements. The historical information in this announcement is, or is based upon, information that has been released to the market. For further information, please see announcements released to ASX including the Full Year accounts for the financial year ending 30 June 2009 which were released to the market on 29 September 2009.

Ends

Lynas stock symbols: LYC (Australian Securities Exchange)

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4 How to Apply

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1 The Retail Entitlement Offer

Eligible Retail Shareholders (as defined in the 'Important Information' section below) are being offered the opportunity to subscribe for 1 New Share for every 1 Lynas ordinary share (**Share**) held at 5.00pm (WAST) Tuesday, 29 September 2009 (**Entitlement**), at the offer price of \$0.45 per New Share (**Offer Price**).

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a prospectus, and ASIC has granted Lynas relief to conduct the Capital Raising on this basis. As a result, it is important for Eligible Retail Shareholders to read and understand the information on Lynas and the Retail Entitlement Offer made publicly available, prior to taking up all or part of their Entitlement.

In particular, please refer to this booklet, Lynas' interim and annual reports and other announcements made available at the ASX website, www.asx.com.au (including Lynas' Full-Year Financial Report for the year ending 30 June 2009 that was released to ASX on 29 September 2009).

Your Entitlement is set out on the accompanying Entitlement and Acceptance Form and has been calculated as 1 New Share for every 1 Share you held as at the record date of 5.00pm (WAST) Tuesday, 29 September 2009. If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. New Shares issued under the Retail Entitlement Offer will rank pari passu with issued Shares.

2 Consider the Retail Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer. You should also refer to "Annexure A – Risk Disclosure" of the ASX announcement made on Tuesday, 29 September 2009 included in this booklet.

3 Complete and return the accompanying Entitlement and Acceptance Form with your Application Monies or make a payment by BPAY

If you decide to take up all or part of your Entitlement please complete and return the Entitlement and Acceptance Form with the requisite Application Monies OR pay your Application Monies via BPAY by following the instructions set out on the Entitlement and Acceptance Form.

Lynas will treat you as applying for as many New Shares as your payment will pay for in full. If you are paying by BPAY, please make sure to use the specific Biller Code and unique Customer Reference Number (**CRN**) on the back of your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the CRN specific to the Entitlement on that Form. If you inadvertently use the same CRN for more than one of your Entitlements, you will be deemed to have applied only for the Entitlement to which that CRN applies.

If you take no action you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their

Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer you will be allotted your New Shares on Tuesday, 3 November 2009.

Lynas also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or if they or their nominees fail to provide information to substantiate their claims.

4 Acceptance of the Retail Entitlement Offer

The method of acceptance of the Retail Entitlement Offer will depend on your method of payment being:

- by BPAY; or
- by cheque, bank draft or money order.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you:

- (a) agree to be bound by the terms of this booklet and the provisions of the Lynas constitution;
- (b) authorise Lynas to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer;
- (e) acknowledge that once Lynas receives the Entitlement and Acceptance Form or your payment by BPAY, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares that you apply for at the offer price of \$0.45;
- (g) authorise Lynas and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of Lynas Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (h) declare that you are the current registered holder(s) of the Shares in your name at the Record Date;
- (i) acknowledge that the information contained in this booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (j) represent and warrant that the law of any other place does not prohibit you from being given this booklet or making an application for New Shares; and

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- (k) represent and warrant that you are an Eligible Retail Shareholder (as defined in the 'Important Information' section below) and have read and understood this booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this booklet and the Entitlement and Acceptance Form.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Retail Shareholder (as defined below) and are not in the United States and are not a U.S Person, and are not acting for the account or benefit of, a U.S. Person and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Retail Entitlement Offer;
- (b) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws; and
- (c) you have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States or that is a U.S. Person, or is acting for the account or benefit of a U.S. Person.

Payment by BPAY

For payment by BPAY please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

Please note that should you choose to pay by BPAY:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make the declarations on that Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY payment is received by the Lynas Share Registry by no later than 5.00pm (WAST) Friday, 23 October 2009. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to Applicants on any Application Monies received or refunded.

Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your Entitlement and Acceptance Form in accordance with the instructions on the Form and return it accompanied by a cheque, bank draft or money order in Australian currency for

the amount of the Application Monies, payable to "Lynas Corporation Limited" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.45 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheques will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to Applicants on any Application Monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

5 Mail

To participate, your payment must be received no later than the close of the Retail Entitlement Offer, on 5.00pm (WAST) Friday, 23 October 2009. Shareholders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with Application Monies to:

Lynas Corporation Limited Share Registry
C/- Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953

5 Important Information

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.

This booklet (including the ASX Offer Announcements) and enclosed personalised Entitlement and Acceptance Form have been prepared by Lynas Corporation Limited (ABN 27 009 066 648). The information in this booklet is dated 2 October 2009 (other than the ASX Offer Announcements).

No party other than Lynas has authorised or caused the issue of the information in this booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in the information in this booklet.

The information in this booklet is important and requires your immediate attention.

You should read the information in this booklet carefully and in its entirety before deciding whether to invest in New Shares. In particular, you should consider the risk factors outlined in "Annexure A – Risk Disclosure" of the ASX announcement of the Entitlement Offer made on 29 September 2009 that could affect the operating and financial performance of Lynas or the value of an investment in Lynas.

Lynas has applied for the grant by ASX of official quotation of the New Shares. It is expected that normal trading of New Shares issued under the Institutional Entitlement Offer and the Institutional Bookbuild will commence on Tuesday, 13 October 2009.

It is expected that normal trading will commence in relation to New Shares issued under the Retail Entitlement Offer on Wednesday, 4 November 2009. Lynas disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are listed on the Official List of ASX or receiving their confirmation of issue, whether on the basis of confirmation of the allocation provided by Lynas or the Lynas Share Registry.

1 Eligible Retail Shareholders

The information in this booklet contains an offer of New Shares to Eligible Retail Shareholders in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by Australian Securities and Investments Commission (**ASIC**) Class Order 08/35. The Company has also obtained a specific ASIC instrument modifying section 708AA(2)(c) of the Corporations Act to permit it to make offers under the Retail Entitlement Offer in reliance on sections 708AA.

Eligible Retail Shareholders are those holders of Shares who:

- are registered as a holder of Shares as at 5.00pm (WAST), 29 September 2009;¹
- have a registered address in Australia or New Zealand;
- are not in the United States and are neither a U.S. Person nor acting for the account or benefit of a U.S. Person;
- did not receive an offer to participate (other than as nominee) or were otherwise ineligible to participate under the institutional component of the Entitlement Offer;

¹ Pursuant to a waiver from the ASX and for the purposes of determining entitlements under the Entitlement Offer, Lynas will disregard transactions in Shares after implementation of the trading halt in Lynas shares on 23 September 2009, except for settlement of on-market transactions that occurred prior to the implementation of the trading halt.

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- are not an institutional shareholder (whether or not eligible to participate in the institutional component of the Entitlement Offer); and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

2 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.

3 No Entitlements trading

Entitlements are non-renounceable and cannot be traded on the ASX or any other exchange, nor can they be privately transferred.

4 Notice of nominees and custodians

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter from the lead manager and underwriter to the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to eligible institutional shareholders who were invited to participate in the institutional component of the Entitlement Offer (whether they accepted their entitlement or not) and institutional shareholders who were ineligible to participate in the institutional component of the Entitlement Offer.

5 Not investment advice

The information in this booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Lynas is not licensed to provide financial product advice in respect of the New Shares. The information in this booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the information in this booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

6 Taxation

Set out below is a summary of the Australian tax implications of the Retail Entitlement Offer for Eligible Retail Shareholders who are residents of Australia for tax purposes and who hold their Shares as capital assets.

The summary below does not deal with the tax implications for Eligible Retail Shareholders who hold their Shares as revenue assets or trading stock such as banks, insurance companies and taxpayers carrying on a business of share trading or whose Shares were acquired under an employee share plan.

The summary below also does not take account of any individual circumstances of any particular Eligible Retail Shareholder. Eligible Retail Shareholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

The summary below is based on the law in effect as at the date of this booklet.

Issue of Entitlements

The issue of the Entitlements will not itself result in any amount being included in the assessable income of an Eligible Retail Shareholder.

Exercise of Entitlements

Eligible Retail Shareholders who exercise their Entitlements and are allocated New Shares will acquire those Shares with a cost base for capital gains tax (**CGT**) purposes equal to the Offer Price payable by them for those Shares plus certain non-deductible incidental costs they incur in acquiring them.

Eligible Retail Shareholders will not make any capital gain or loss, or assessable income, from exercising the Entitlements or subscribing for the New Shares.

New Shares

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares. Any future dividends or other distributions made in respect of those New Shares will be subject to the same taxation treatment as dividends or other distributions made on Shares held in the same circumstances.

On any future disposal of New Shares, Eligible Retail Shareholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Shares. The cost base of those Shares is described above (plus certain incidental costs of disposal).

New Shares will be treated for the purposes of the CGT discount as having been acquired when the Eligible Retail Shareholder exercised the Entitlement to subscribe for them. Accordingly, in order to benefit from the CGT discount in respect of a disposal of those Shares, they must have been held for at least 12 months after those dates before the disposal occurs.

Other Australian taxes

No Australian Goods and Services Tax (**GST**) or stamp duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of New Shares.

7 Information availability

Eligible Retail Shareholders in Australia and New Zealand can obtain a copy of the information in this booklet during the period of the Retail Entitlement Offer on the ASX website at www.asx.com.au or by calling the Lynas Share Registry. Persons who access the electronic version of this booklet should ensure that they download and read the entire booklet. The electronic version of this booklet on the ASX website will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling the Lynas Share Registry on (+61 8) 9315 2333 at any time from 8.00am to 5.00pm (WAST) Monday to Friday during the Retail Entitlement Offer period.

Neither the information in this booklet nor the accompanying Entitlement and Acceptance Form constitutes an offer of securities for sale in the United States or to persons that are, or are acting for the account or benefit of, a U.S. Person. Neither this information nor the accompanying Entitlement and Acceptance Form may be distributed to or relied upon by, persons in the United States or that are, or are acting on behalf of or for the account or benefit of, a U.S. Person, or otherwise distributed in the United States.

8 Future performance and forward looking statements

Neither Lynas nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the Entitlement Offer.

Forward looking statements, opinions and estimates provided in the information in this booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Lynas and the Board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this booklet.

9 Past performance

Investors should note that the past share performance of Lynas Shares provides no guidance as to future price performance.

10 Governing law

This booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

11 Foreign jurisdictions

The information in this booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

The New Shares being offered under the information in this booklet are also being offered to Eligible Retail Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). The information in this booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The information in this booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of the information in this booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this booklet, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

The Entitlements and the New Shares have not been, or will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of a U.S. Person, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a U.S. Person, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. Accordingly, the New Shares may constitute "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and, for so long

as the New Shares remain restricted securities, the New Shares may not be deposited in any unrestricted American Depositary Receipt facility with respect to the securities of Lynas.

See the foreign selling restrictions set out in the investor presentation lodged on Tuesday, 29 September 2009 and included in this booklet for more information.

12 Underwriting

Lynas has entered into an underwriting agreement with J.P. Morgan (Australia) Limited (**Underwriter**) who has agreed to manage and underwrite the Capital Raising.

Customary with these types of arrangements:

- Lynas has agreed to indemnify the Underwriter and its directors, officers, employees, agents and advisers against losses they may suffer or incur in connection with the Capital Raising;
- the Underwriter may, at any time up to settlement of the Conditional Placement (expected to occur on Wednesday, 11 November 2009), terminate the underwriting agreement and be released from its obligations under it on the occurrence of certain events, including if:
 - Shares are suspended for a period or Lynas is delisted;
 - there are material disruptions in financial conditions or markets or certain declines in financial markets;
 - there is a specified delay in the timetable for the Capital Raising; and
 - there are certain changes in the senior management or the board of directors of Lynas.
- the Underwriter will be remunerated by Lynas at market rates.

The Underwriter has not authorised or caused the issue of, and takes no responsibility for, the information in this booklet, and to the maximum extent permitted by law, disclaims all liability in connection with the Entitlement Offer and the information in this booklet.

13 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this booklet.

Any information or representation that is not in this booklet may not be relied on as having been authorised by Lynas, or its related bodies corporate in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of Lynas, or any other person, warrants or guarantees the future performance of Lynas or any return on any investment made pursuant to the information in this booklet.

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<p>General Counsel Andrew Arnold</p>
<p>Corporate Office Level 7 56 Pitt Street Sydney NSW 2000 Australia</p> <p>Telephone: +61 2 8259 7100 Facsimile: +61 2 8259 7199</p>
<p>Stock Exchange Listing Lynas ordinary shares are listed on the Australian Securities Exchange (ASX) (code: LYC).</p>
<p>Website To view annual reports, shareholder and company information, news announcements, background information on Lynas' businesses and historical information, visit Lynas' website at www.lynascorp.com.</p>
<p>Lynas Share Registry Security Transfer Registrars 770 Canning Highway Applecross WA 6153 Australia</p> <p>Telephone: (+61 8) 9315 2333</p> <p>Open 8.00am to 5.00pm (WAST) Monday to Friday during the Retail Offer Period.</p> <p>Shareholders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with Application Monies to:</p> <p>Lynas Share Registry C/- Security Transfer Registrars Pty Ltd PO Box 535 Applecross WA 6953</p>

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CORPORATE INFORMATION

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