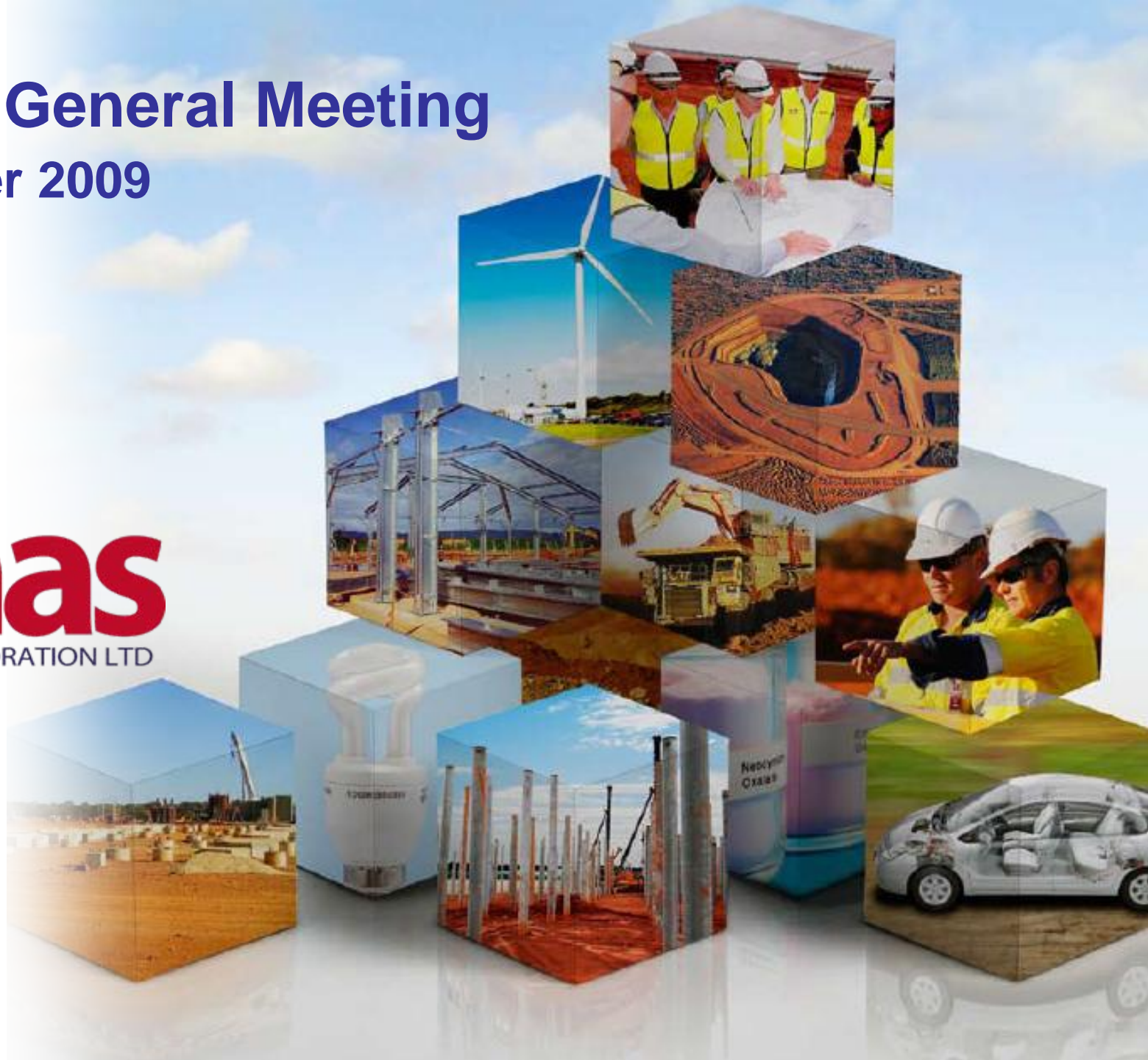


Annual General Meeting

November 2009

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Lynas

CORPORATION LTD



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Lynas Corporation Annual General Meeting '09

- ▶ Year in Review
 - Capital structure
 - Construction programme
- ▶ Supply and Demand within the Rare Earths market
- ▶ Our position as an emerging producer

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The initial project finance structure set up in 2008 was typical for a junior mining company

Senior Debt US\$105M

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

Convertible Note US\$95M

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

Equity A\$170M

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

In January a bondholder dispute occurred and the construction programme was suspended

- ▶ The bond holders claimed non compliance to conditions required to release fund from the escrow account.
- ▶ With the GFC in full swing the bond holders had the motivation to prevent US\$95M from leaving escrow account as:
 - AUS/USD exchange rate declined to 0.65 which effectively increased the conversion price of the bond to A\$2.15
 - This occurred at the same time the Lynas share price decreased to A\$0.25
 - In addition whilst the Bond coupon was 8.25%, similar convertible notes were trading above 20% yields in the secondary market
- ▶ The Board decided it was not in shareholders interest to pursue legal options and Lynas settled dispute by returning ~90 cents in the dollar.
- ▶ However this meant Lynas did not have access to the planned funds to continue and complete the project.
- ▶ Therefore the construction and procurement activities of the project had to be suspended until alternative facilities could be arranged.

Lynas looked for an industrial partner for alternative finance

- ▶ Industrial partner sought as financial markets were “closed”
 - Japanese interest but no commitment
 - European interest but no commitment
 - Chinese interest, and a thorough due diligence undertaken by China Nonferrous Metal Mining (Group) Co., Ltd (“CNMC”)
- ▶ On 1 May 2009, Lynas announced that it had entered into a Heads of Agreement with China Nonferrous Metal Mining (Group) Co., Ltd (“CNMC”)
 - Full commitment to an investment including both equity and debt using CNMC balance sheet
 - 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 its proposed equity investment in Lynas because of additional undertakings sought by FIRB

\$450M recapitalisation now completed

- ▶ Following the termination of the CNMC deal, Lynas entered into discussions with JP Morgan to raise funds via a fully underwritten unconditional placement, a 1-for-1 non-renounceable entitlement offer and a conditional placement
- ▶ A\$450 million has been raised through three tranches:
 - Approximately A\$88 million from an unconditional placement of new shares
 - Approximately A\$295 million from the 1-for-1 non-renounceable pro-rata entitlement offer
 - Approximately A\$67 million from a conditional placement
- ▶ Offer price of A\$0.45 per share
 - 50.0% discount to last close of A\$0.90 (23 September 2009, prior to trading halt)
 - 33.3% discount to TERP¹ of A\$0.675
- ▶ Proceeds from the equity offer have been received and will be used to fund the completion of Phase 1 of the Rare Earths Project:

Summary of estimated capital and production costs to positive cash flow for Phase 1

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
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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

The Mount Weld Rare Earths project latest developments



Mount Weld, Western Australia

- The Resources
- Mining operations



Concentration Plant – Mount Weld, WA

- Phase 1: 33,000 tpa 40% REO concentrate
- Phase 2: 66,000 tpa 40% REO concentrate

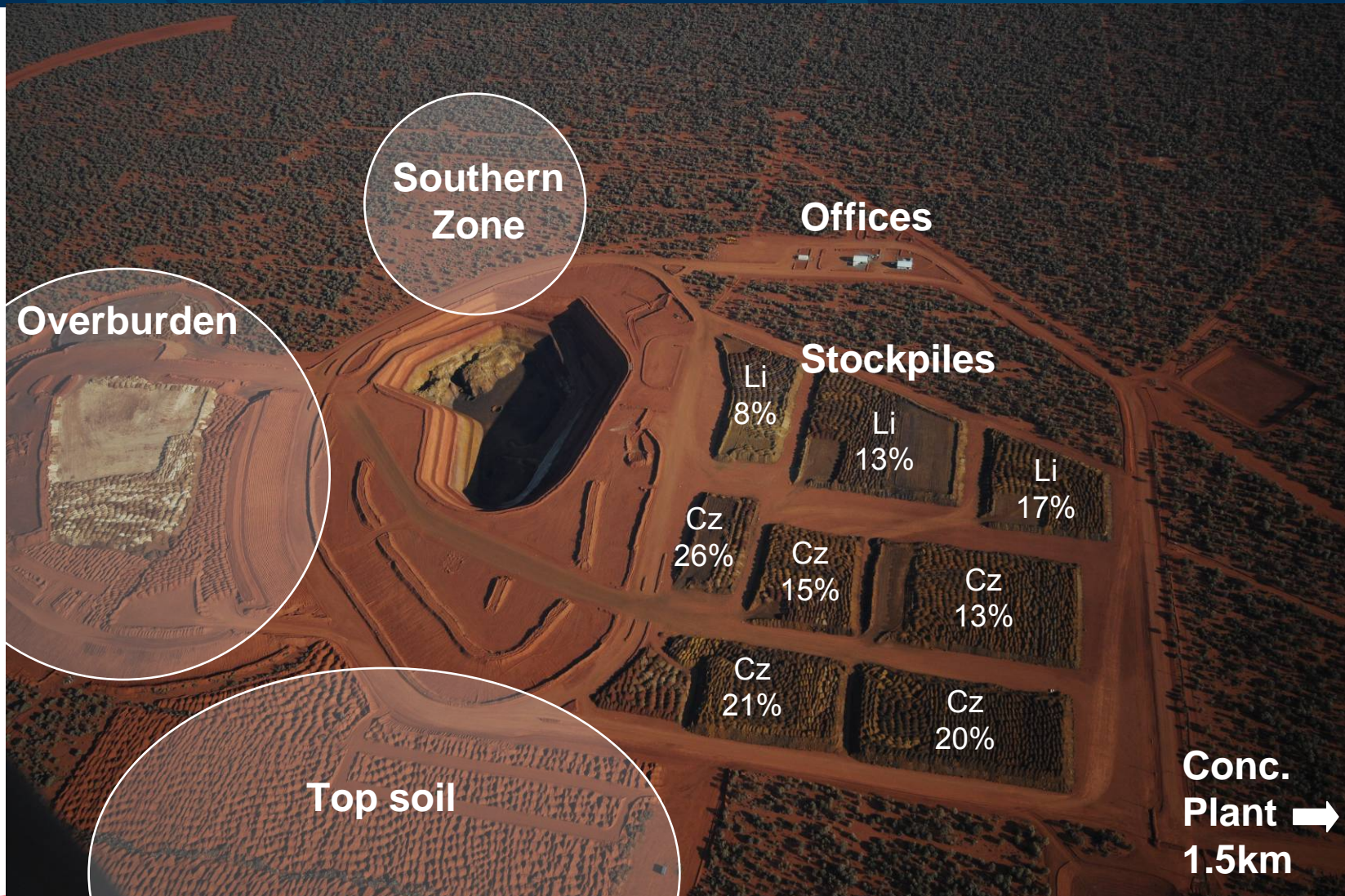


Advanced Materials Plant – Malaysia

- Phase 1: 11,000 tpa REO
- Phase 2: 22,000 tpa REO
- Various Rare Earths oxides and carbonates

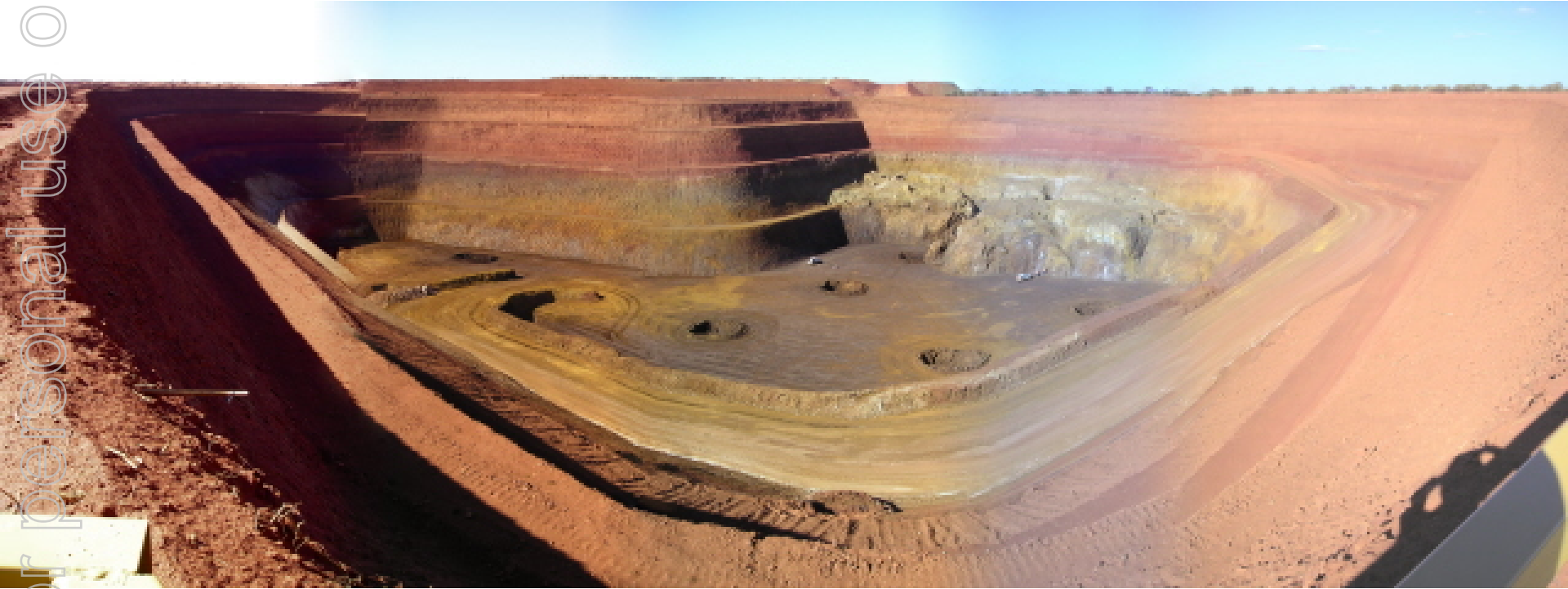
Mount Weld mine site showing ore type and REO grade of stockpiles

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Mt Weld Rare Earths initial mining campaign complete, loss time injury free and on budget

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- Current pit floor is 51 meters below surface
- Ultimate pit floor is another 36 meters

773,000 tonnes stockpiled on site, segregated by grade. The ore is soft and friable

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Engineering design and all approvals complete for the Concentration Plant at Mt Weld

- ▶ Engineering Design complete
- ▶ All Approvals in place
- ▶ All major equipment procured and stored in Australia



Mount Weld Concentration Plant site – Ball Mill foundations

Construction contracts re-initiated for the Concentration Plant

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▶ Contract Status on-site

▪ Bulk earth works	Downer EDI	Complete
▪ Construction contract	Abesque Engineering	Re-initiated
▪ Steam generation	RCR Energy Systems	Complete
▪ Power station	Kalgoorlie Power Systems	Re-initiated
▪ Reverse Osmosis Plant	Osmoflow	Re-initiated



Mount Weld Concentration Plant site – Flotation Plant foundations

Substantial civil works completed including water treatment ponds



Process water treatment pond complete

Mount Weld bore water

Run off water treatment pond complete



Containers of Rare Earths concentrate will be trucked to Fremantle for shipping to Malaysia



■ Mount Weld to Fremantle = 1,000km

Lynas has commenced construction of the processing plant in the Gebeng Industrial Area

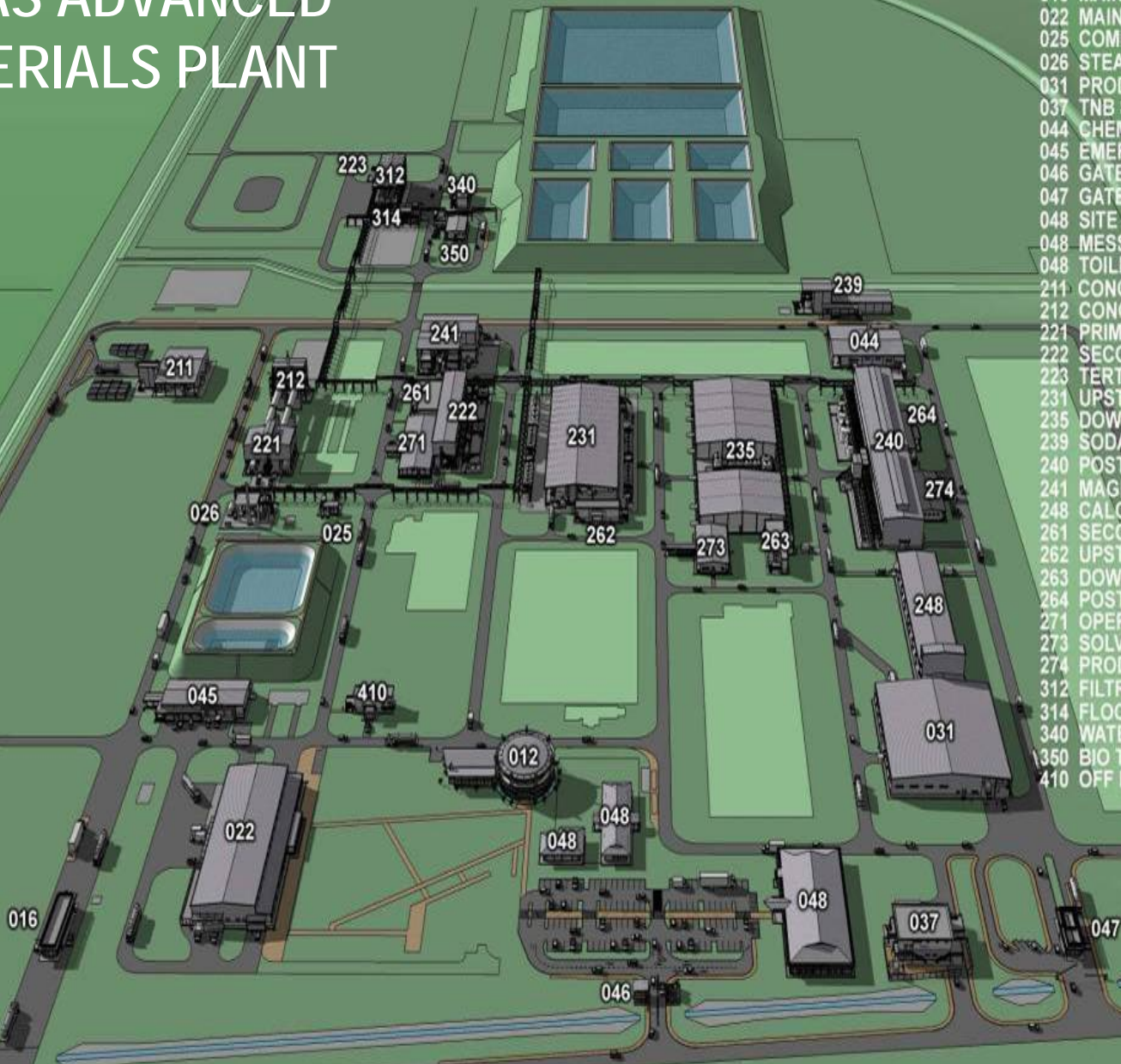
Satellite Photo of Gebeng Industrial Area



- ▶ **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

LYNAS ADVANCED MATERIALS PLANT

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- 012 LABORATORY
- 016 MAIN GATEHOUSE
- 022 MAINTENANCE WORKSHOP & STORE
- 025 COMPRESSED AIR SHED
- 026 STEAM GENERATION SHED
- 031 PRODUCT STORE
- 037 TNB SWITCHING SUB STATION
- 044 CHEMICAL STORE BUILDING
- 045 EMERGENCY RESPONSE BUILDING
- 046 GATEHOUSE B
- 047 GATEHOUSE C
- 048 SITE ADMINISTRATION BUILDING
- 048 MESS BUILDING
- 048 TOILET
- 211 CONCENTRATE HANDLING
- 212 CONCENTRATE CRACKING
- 221 PRIMARY LEACHING
- 222 SECONDARY LEACHING BUILDING
- 223 TERTIARY LEACHING
- 231 UPSTREAM EXTRACTION BUILDING
- 235 DOWNSTREAM EXTRACTION
- 239 SODA ASH PREPARATION
- 240 POST TREATMENT
- 241 MAGNESIA STORAGE BUILDING
- 248 CALCINATION
- 261 SECONDARY LEACHING SUBSTATION
- 262 UPSTREAM EXTRACTION SUBSTATION
- 263 DOWNSTREAM EXTRACTION SUBSTATION
- 264 POST TREATMENT SUBSTATION
- 271 OPERATION CONTROL ROOM
- 273 SOLVENT EXTRACTION CONTROL ROOM
- 274 PRODUCT FINISH CONTROL ROOM
- 312 FILTRATE PRESS BUILDING
- 314 FLOCCULANT PREPARATION BUILDING
- 340 WATER & RESIDUE SUBSTATION
- 350 BIO TREATMENT CONTROL
- 410 OFF PLOT SUBSTATION

Malaysian Advanced Material Plant Status

▶ Engineering Design to be completed

- United Group engaged as the Engineering Contractor

▶ All Approvals in place

▶ Contract Status on-site

- | | |
|--------------------------------|-------------------------|
| ▪ Bulk earth works | Substantially completed |
| ▪ Piling | Substantially completed |
| ▪ Concreting works | To be re-initiated |
| ▪ Other construction contracts | To be let |



Construction activity in Malaysia

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Lynas-constructed stormwater detention pond

Building construction has commenced



Industry analysts forecast 180,000t demand by 2014 with a focus on green technologies

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Hybrid Vehicle

- A key demand driver for Rare Earths
- Toyota and Honda total target over 1 million in 2010 (NiMH)
- Now 30 hybrids available from over a dozen manufacturers



Wind Turbines

- Switch from geared electromagnetic induction wind turbines to direct-drive permanent magnet turbines
- Off-shore growth and replacement of on-shore turbines
- Forecast 3 – 5,000t REO additional Neodymium by 2014



Compact Fluorescent Light

- Legislation driving application
- Forecast growth rates of over 10% pa to continue

The realities of supply are expected to result in a shortfall

Rare Earths Supply Sources (reported capacity, REO)

▶ Baotou	50,000t
▪ Relocation of iron ore mining	
▪ Tailing facilities near capacity	
▶ Sichuan	0 -10,000t
▪ Re-opening delayed	
▪ Low value distribution	
▶ Ionic clay regions	35 -55,000t
▪ Difficult to obtain accurate data	
▶ Others	15,000t
▪ Recycling ~5,000t	
▪ Russia ~ 4,000t	
▪ India ~ 3,000t	
▪ Molycorp ~ 2-3,000t	
Total	100,000 - 130,000t

Source: Asian Metal, Metal Pages, Lynas research

Chinese Policy Issues

- ▶ **2009 Production Quota is 82,320t**
 - Baotou and Sichuan: 72,300t
 - Southern Ionic clays: 10,020t
 - No prospecting or mining licences for Rare Earths until July 2010
- ▶ **2009 Export Quota is 50,145t**
 - Domestic companies – 33,300t
 - Foreign JVs – 16,845t
 - Recognition by Government of grey exports without quota; 20,000t in 2008
- ▶ **2009 Export Taxes**
 - Light Rare Earths & Nd metal: 15%
 - Heavy Rare Earths & other metals: 25%

Source: Chinese Government announcements, Asian Metal, Metal Pages

Mineral scarcity – it not about size of resource, it is about production!

- ▶ Shortages occur when ***supply as a function of time*** can no longer keep up with ***demand as a function of time***
- ▶ The ultimate recoverable resource in the ground is irrelevant in this respect
- ▶ We have reached this point in the Rare Earths industry
 - Current resources are struggling to maintain production
 - Growth forecasts are greater than new supply coming to market
- ▶ Mineral scarcity is expected to be an aspect of this industry for at least the next five years
 - There are insufficient well advanced new projects in the pipeline
 - ✓ Lynas – Mount Weld
 - ✓ Molycorp – Mountain Pass

Required characteristics of new Rare Earths supply sources

- ▶ **Ability to Concentrate** with a low cost (physical) processing route
 - Amenable Mineralogy
 - Sufficient grade
 - REO distribution

- ▶ **Environmentally Sound**
 - Beach sand monazite banned from processing in Australia, Europe, China
 - Tin tailings typically suffer from similar issues
 - Low ratio of actinides to lanthanides required

- ▶ A realisation that from discovery to production is **a 5 to 10 year journey**

The Lynas plan

Multiple mine sources for concentrate supplies



Processing hub with exceptional infrastructure

▶ Industrial Infrastructure

- Chemical industrial land
- Gas, Water, Electricity
- Re-agents from local suppliers
- Port – container, chemical, bulk

▶ Knowledge Infrastructure

- Technical and trade skills
- Chemical industry experience
- English language skills

▶ Government Infrastructure

- Accountable regulators
- Clear legal frameworks
- FDI incentives



In Summary

- ▶ *The Company has raised funds for the completion of Phase 1 for 11,000t REO*
- ▶ *The Rare Earths project has recommenced and initial production currently anticipated for first half of 2011*
- ▶ *Infrastructure and utilities have been scaled for 22,000t REO and we expect to progress to Phase 2, 22,000t REO, upon completion of Phase 1*
- ▶ *Demand is forecast to grow to approximately 180,000t by 2014*
- ▶ *However as supply is a function of available production, not resource in the ground, supply is expected to struggle to meet demand*
- ▶ *Mineral Scarcity is likely to be a characteristic of the industry for at least the next five years*
- ▶ *Future Rare Earths supply chain must be environmentally sound*
- ▶ *Lynas has first mover advantage in the non-China market which should allow the company to consolidate a position as a leader in the Global Rare Earths industry*

NOTE

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Brendan Shand, who is a member of The Australasian Institute of Mining and Metallurgy. Brendan Shand is an employee of Lynas Corporation Limited. Brendan Shand has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Brendan Shand consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.