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Rare Earth Metals

The Key to 21st Century Technologies

June 2010



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

Energy Efficiency through lower consumption



- Compact fluorescent lights
- Hybrid vehicle
- Weight reduction in cars

Environmental Protection through lower emissions



- Wind turbine
- Auto catalytic converter
- Diesel additives

Smaller yet more powerful digital technology



- Flat panel displays
- Disk Drives
- Digital cameras

The consumer electronics industry uses Rare Earths in many applications

HIGH POWER NEO MAGNETS

- ▶ Disk drives
 - Computers
 - Data storage
 - Ipods
 - Video recorders
 - Gaming consoles
 - Video cameras
- ▶ Speakers

POLISHING POWDERS

- ▶ TV and computer screens
 - LCD
 - Plasma
 - CRT
- ▶ Optical lenses
- ▶ Precision optical and electronic components



PHOSPHORS

RED GREEN BLUE

- ▶ TV and computer screens
 - CRT
 - Plasma
 - LCD

GLASS ADDITIVES

- ▶ CRT screens to stabilise glass from cathode ray
- ▶ Small optical lenses with excellent optical properties

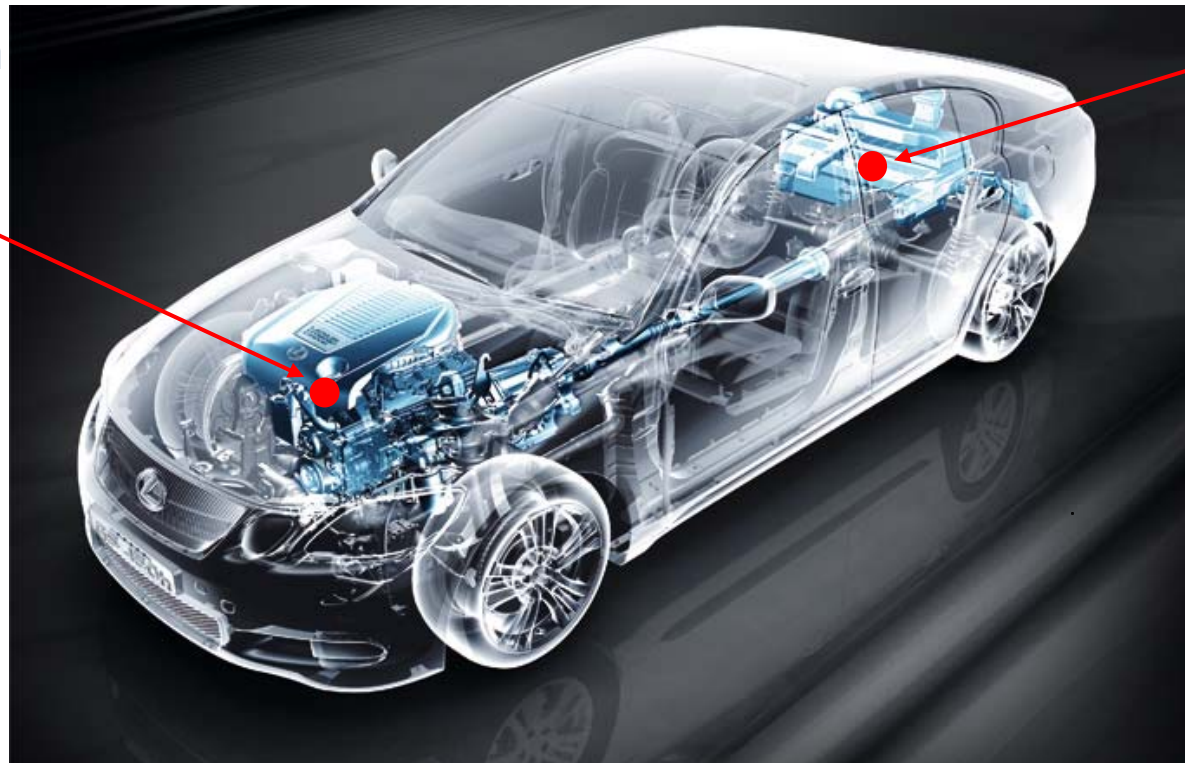
Hybrid vehicle technology is dependent upon Rare Earths

HYBRID electric motor and generator

- Neodymium
- Praseodymium
- Dysprosium
- Terbium

HYBRID NiMH battery

- Lanthanum
- Neodymium
- Cerium



Enabling better emission standards and lower energy consumption

Weight reduction in the automotive industry with Rare Earths magnets improves fuel consumption

Weight Reduction Through New Magnets

- ▶ Electric motor with Neo magnets is half the weight of traditional ferrite motor
 - Electric seats, windows and mirrors
 - Sunroof and tail gate
 - Windscreen wipers and washer jets
 - Starter motor and alternator
 - ABS braking
 - plus many more
- ▶ Replacing hydraulic systems for steering reduces significant weight and reduces power consumption

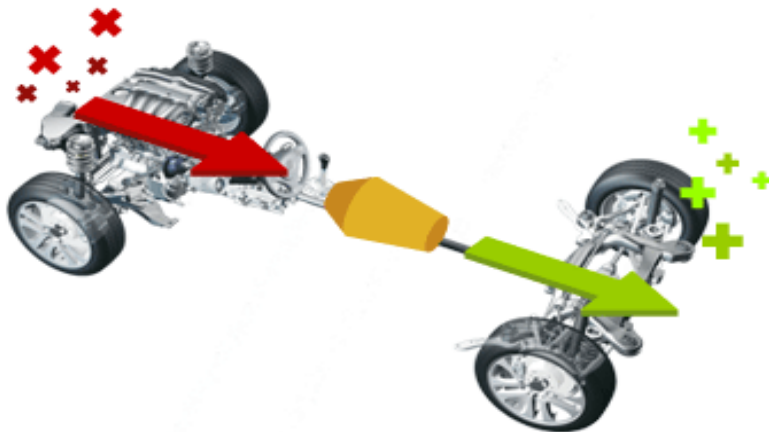


Reducing weight reduces energy consumption

Rare Earths play a pivotal emissions control role in automotive catalytic converters and clean diesel

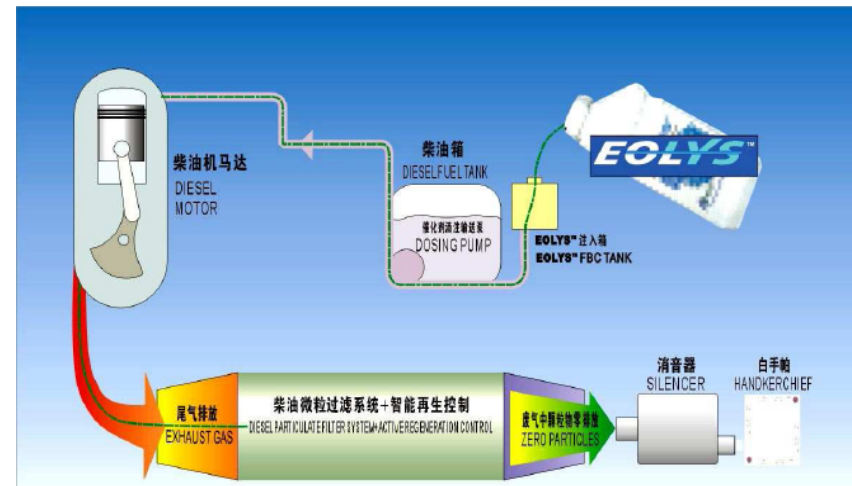
Auto-cats In Every New Car

- ▶ Autocats convert harmful gases to inert gases
- ▶ Rare Earths enable
 - Improved performance
 - Increased thermal stability
 - Extended durability
 - Reduced precious metals



Clean Diesel Technology

- ▶ Rare Earths compound added to diesel fuel in the car
- ▶ Diesel soot trapped in filter
- ▶ Rare Earths allow soot to be burnt at low temperature, thereby regenerating the filter



New generation wind turbines are moving to permanent magnet turbines – a high growth market



Wind Turbine Power

- ▶ 120GW global wind generation in 2008
- ▶ 18% annual growth forecast to 2020 to 700GW
- ▶ Turbines scaling to 3MW plus, key differentiator
- ▶ Generator technology moving to permanent magnets (PM) for larger turbines and offshore
- ▶ Lighter, smaller, lower maintenance
- ▶ 400 units p.a. in 2008 (2% market)
- ▶ Growing to 4,300 units p.a. in 2020 (16% market)
- ▶ Each 3MW PM turbine uses 1 ton of neodymium

Rare Earths have unique properties which make them un-substitutable in many of the applications

Lanthanides Plus Yttrium Are Rare Earths

Rare Earth Elements

La	Ce	Pr	Nd	Pm	Sm	Eu	Gd	Tb	Dy	Ho	Er	Tm	Yb	Lu
57	58	59	60	61	62	63	64	65	66	67	68	69	70	71

Lanthanides

H														He			
Li	Be									B	C	N	O	F	Ne		
Na	Mg									Al	Si	P	S	Cl	Ar		
K	Ca	Sc	Ti	V	Cr	Mn	Fe	Co	Ni	Cu	Zn	Ga	Ge	As	Se	Br	Kr
Rb	Sr	Y	Zr	Nb	Mo	Tc	Ru	Rh	Pd	Ag	Cd	In	Sn	Sb	Te	I	Xe
Cs	Ba	Lu	Hf	Ta	W	Re	Os	Ir	Pt	Au	Hg	Tl	Pb	Bi	Po	At	Rn
Fr	Ra	An	Lr														

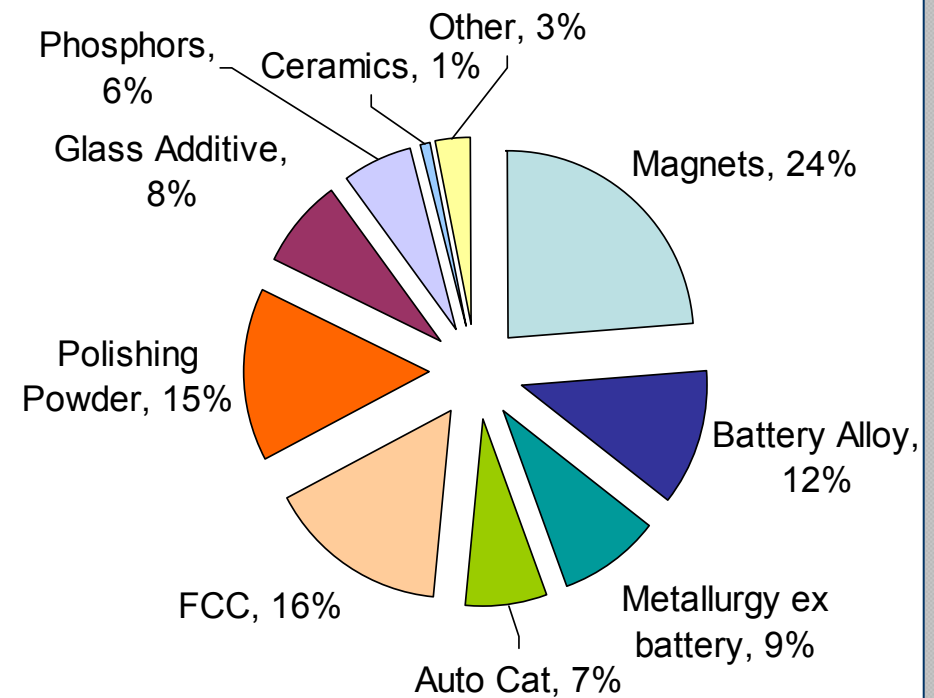
Properties Of Rare Earths

- **Chemical**
 - Unique electron configuration
- **Catalytic**
 - Oxygen storage and release
- **Magnetic**
 - High magnetic anisotropy and large magnetic moment
- **Optical**
 - Fluorescence, high refractive index
- **Electrical**
 - High conductivity
- **Metallurgical**
 - Efficient hydrogen storage in rare earths alloys

Demand for Rare Earths is driven by the underlying applications

2010 Demand Forecast by Application

Application	Demand %	2010 demand tonnes
• Magnets	24%	32,000
• Battery Alloy	12%	16,000
• Metallurgy ex batt	9%	12,000
• Auto catalysts	7%	9,500
• FCC	16%	21,500
• Polishing Powder	15%	20,000
• Glass Additives	8%	11,000
• Phosphors	6%	8,000
• Ceramics	1%	1,500
• Others	3%	4,000
• Total	100%	134,000



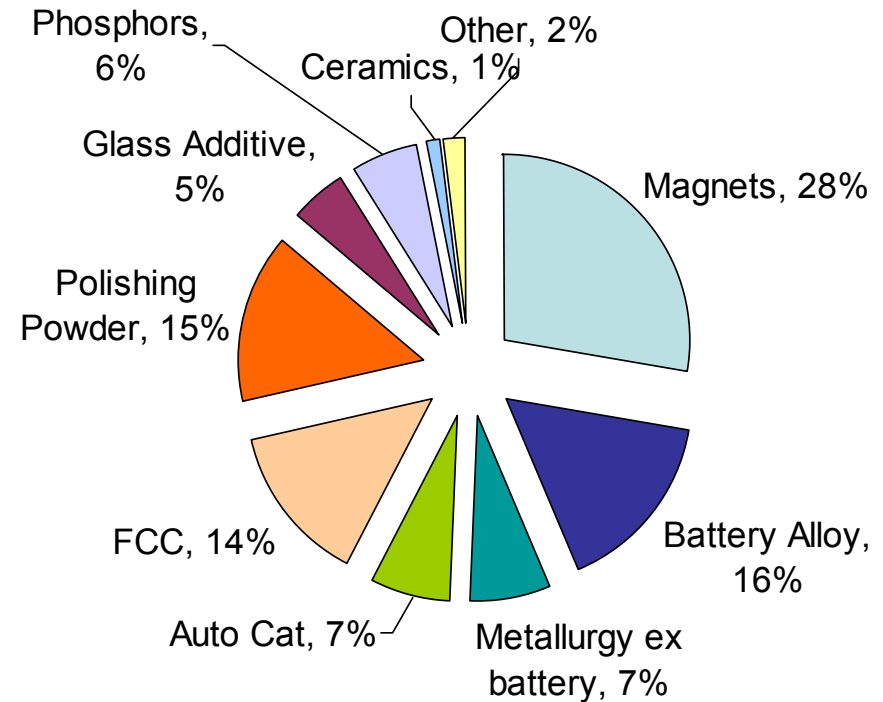
Total = 134,000 tonnes REO

Magnets and battery alloy are forecast to be the growth drivers for Rare Earths demand to 2014

Growth Forecast by Application

Application	Growth rate % p.a.	2014 demand tonnes
• Magnets	12%	50,000
• Battery Alloy	15%	28,000
• Metallurgy ex batt	2%	13,000
• Auto catalysts	8%	12,000
• FCC	4%	25,000
• Polishing Powder	8%	26,000
• Glass Additives	-1%	10,000
• Phosphors	8%	11,000
• Ceramics	4%	2,000
• Others	2%	4,000
• Total	8%	182,000

2014 Demand Forecast by Application



Total = 182,000 tonnes

The global chemical companies who purchase Rare Earths include...

Enable Digital Technology



Improve Energy Efficiency



Environmental Protection



The sustainability of Rare Earths supply is becoming more fragile

Rare Earths Supply Sources (2010 capacity, REO)

- | | |
|------------------------------------|----------------|
| ▶ Baotou | 55,000t |
| ▪ Relocation of iron ore mining | |
| ▪ Tailing facilities near capacity | |
| ▶ Sichuan | 10,000t |
| ▪ Target to increase separation | |
| ▪ Low value distribution | |
| ▶ Ionic clay regions | 45,000t |
| ▪ Large amount of illegal mining | |
| ▶ Others | 15,000t |
| ▪ Recycling ~5,000t | |
| ▪ Russia ~ 4,000t | |
| ▪ India ~ 3,000t | |
| ▪ Mountain Pass ~ 3,000t | |

Total	125,000t
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Source: Asian Metal, Metal Pages, Lynas research

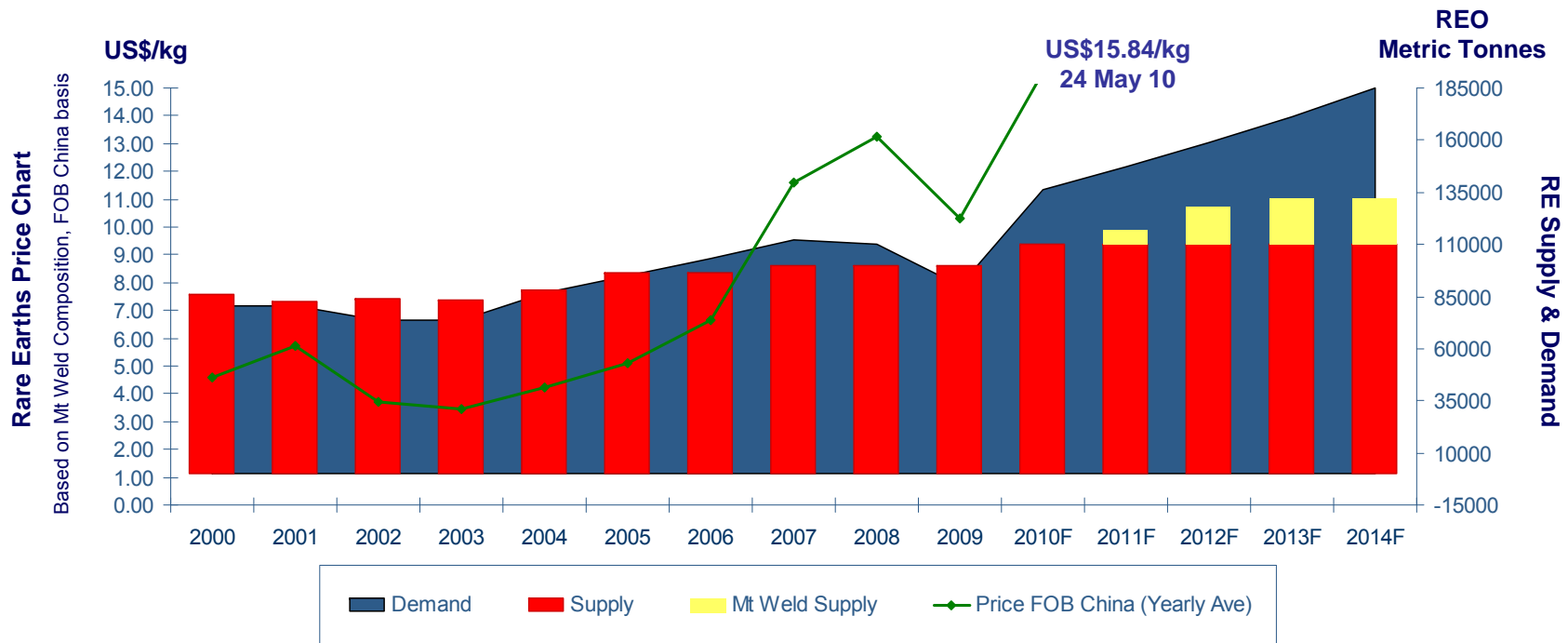
Chinese Policy Issues

- ▶ **2009 Production Quota is 82,320t**
 - Baotou & 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
 - 2010 H1 up 8%
 - 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

As supply tightened in '08 prices increased, in '09 demand dipped, prices are now recovering

Supply, Demand and Price Development



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US Government searching for solutions

Government Audit Office report on Rare Earth materials in the defense supply chain

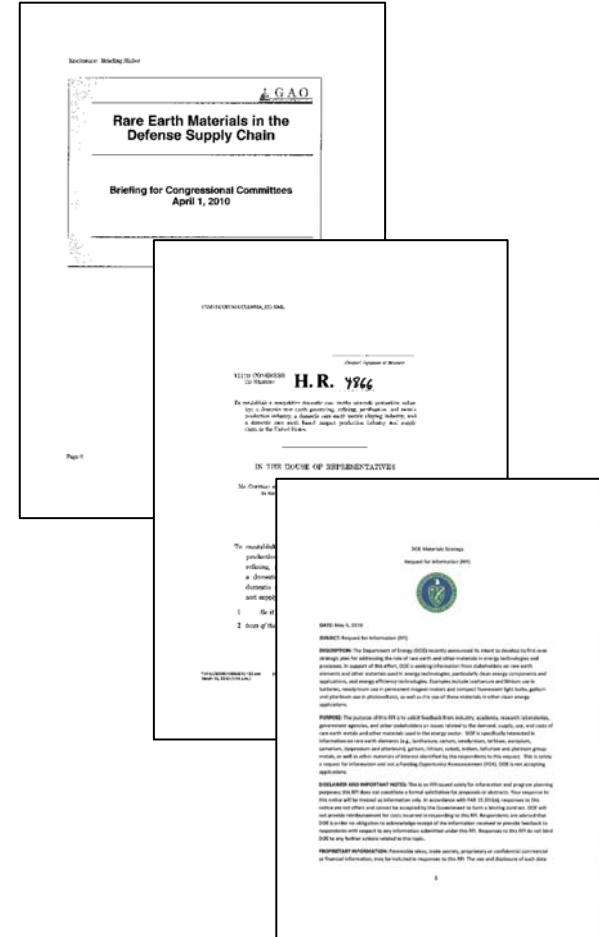
- ▶ Current sources of Rare Earths
- ▶ Future Availability
- ▶ Associated National Security Risks

RESTART Act of 2010

- ▶ Re-establish competitive domestic Rare Earths mineral production, processing, refining, purification, and metals production industries
- ▶ Support growth of green job technology and manufacturing, and US defense industry

DOE released a Request For Information:

- ▶ Demand growth
- ▶ Supply constraints
- ▶ Technology applications and processes
- ▶ Costs and Availability
- ▶ Intellectual Property constraints



Chinese supply is tightening causing a ripple effect globally

➤ China's export restrictions under examination against WTO guidelines

The screenshot shows the CHINADAILY website interface. At the top left is the 'Expo 2010 Shanghai China' logo. The main header displays 'CHINADAILY' and the date 'Thursday, Jun 3, 2010'. A navigation menu includes categories like Home, China, Business, Metro Beijing, Regional, World, Opinion, Sports, Life, Entertainment, Video, Photo, Debate, and Forum. Below the menu, there are sub-categories such as Government, Think Tank, E-paper, Mobile News, Language Tips, Newsphoto, Culture, Cartoon, Newsletter, and E-Shop. The main content area features a section titled 'Government and Policy' with a prominent article: '2010-2011 中央政府组织机构图 Government Chart of the PRC'. The article is by Zhou Yan and was updated on 2010-06-02 06:50. To the right of the article is a promotional banner for the '2010-2011 中央政府组织机构图 Government Chart of the PRC' with a '20% OFF!' discount. Below the article, there are options for 'Comments (18)', 'Print', 'Mail', and 'Large Medium Small'. The article text begins with 'BEIJING - Strategic rare earth minerals will only be mined by a few select State-owned enterprises'.

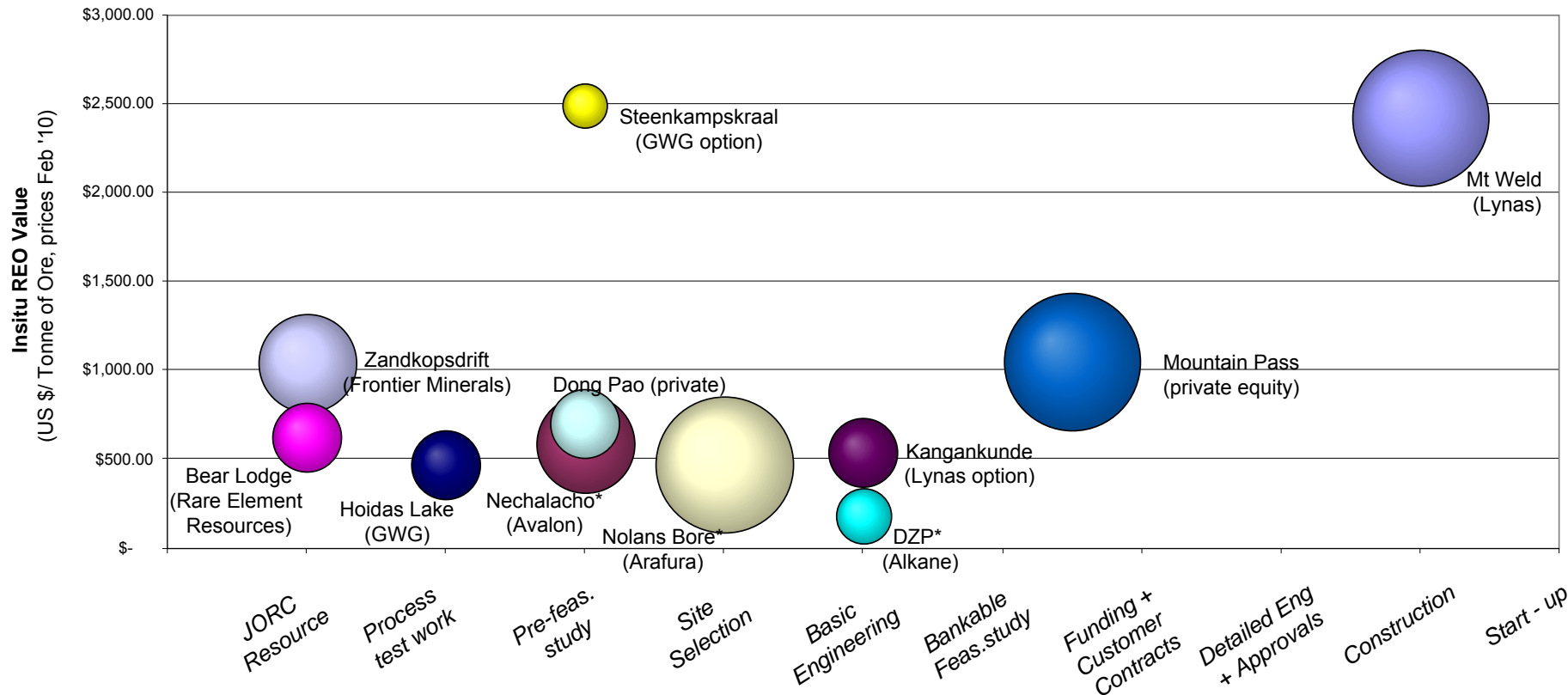
Mineral scarcity – it not about size of resource, it is about production!

- ▶ 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

Lynas is the leader among defined Rare Earths resources under development outside China

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Rare Earth Development Projects
Bubble Size Represents Stated Production Volume



Source: The data for non-Mt Weld deposits is based on public statements by the relevant resource holders except for Dong Pao which is based on a company interview, and has not been separately verified by Lynas. * Represents a polymetallic resource.



Raising funds for Rare Earth projects take time

- ▶ Lynas had over US\$200 million of debt finance arranged in 2008
- ▶ GFC resulted in loss of bank finance
- ▶ In May '09 Lynas announced a deal with China NonFerrous Metal Mining Corporation to invest in the company and provide finance for the project
- ▶ On 24 September 2009, Lynas announced that CNMC had terminated its proposed equity investment in Lynas because of additional undertakings sought by the Australian Government's Foreign Investment Review Board
- ▶ Following the termination of the CNMC deal, Lynas entered into discussions with JP Morgan to raise funds via an equity placement to existing and new shareholders
- ▶ A\$450 million has been received by the company and is being used to fund the completion of Phase 1 of the Rare Earths Project

Mount Weld will be a major fully integrated source of Rare Earths supply outside of China

About Lynas Corporation

Vision : Be a global leader in Rare Earths for a sustainable future

Exchange: Australian Stock Exchange
ASX 200 Company, code LYC

Shares : 1,655m on issue

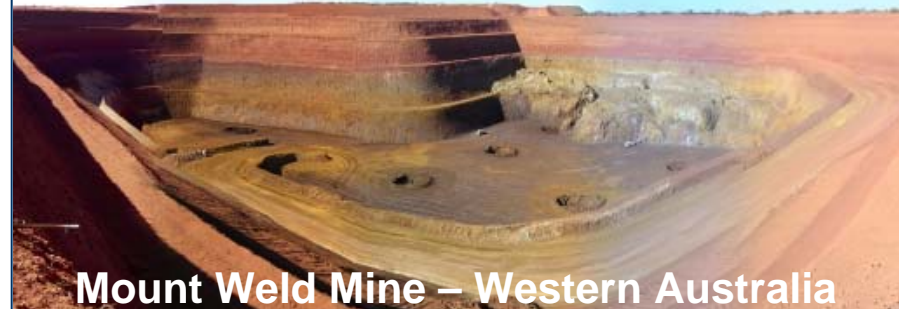
Options : 64,100,000 strike range 16c - \$1.09

Mkt Cap : A\$827m as at 24th February

Cash : A\$417m as at 31 March

Debt : Nil

Assets for Integrated Source of Supply



The Lynas strategy is to build and expand our processing hub in Malaysia

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

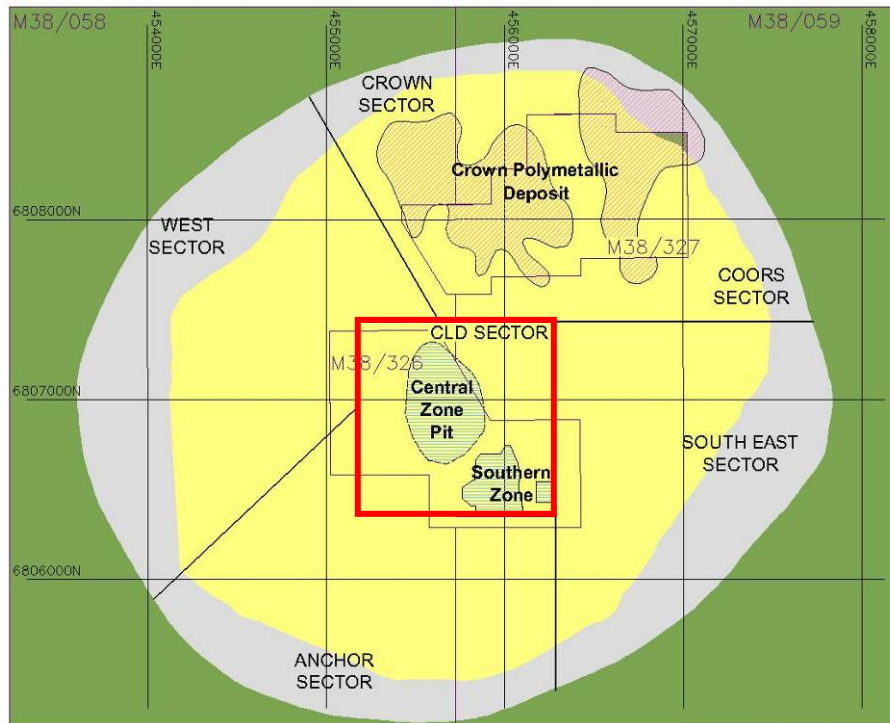
▶ Government Infrastructure

- Accountable regulators
- Clear legal frameworks
- FDI incentives



The current mining operation is within the Central Zone Pit

Central Lanthanide Deposit Sector Mount Weld Tenements



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

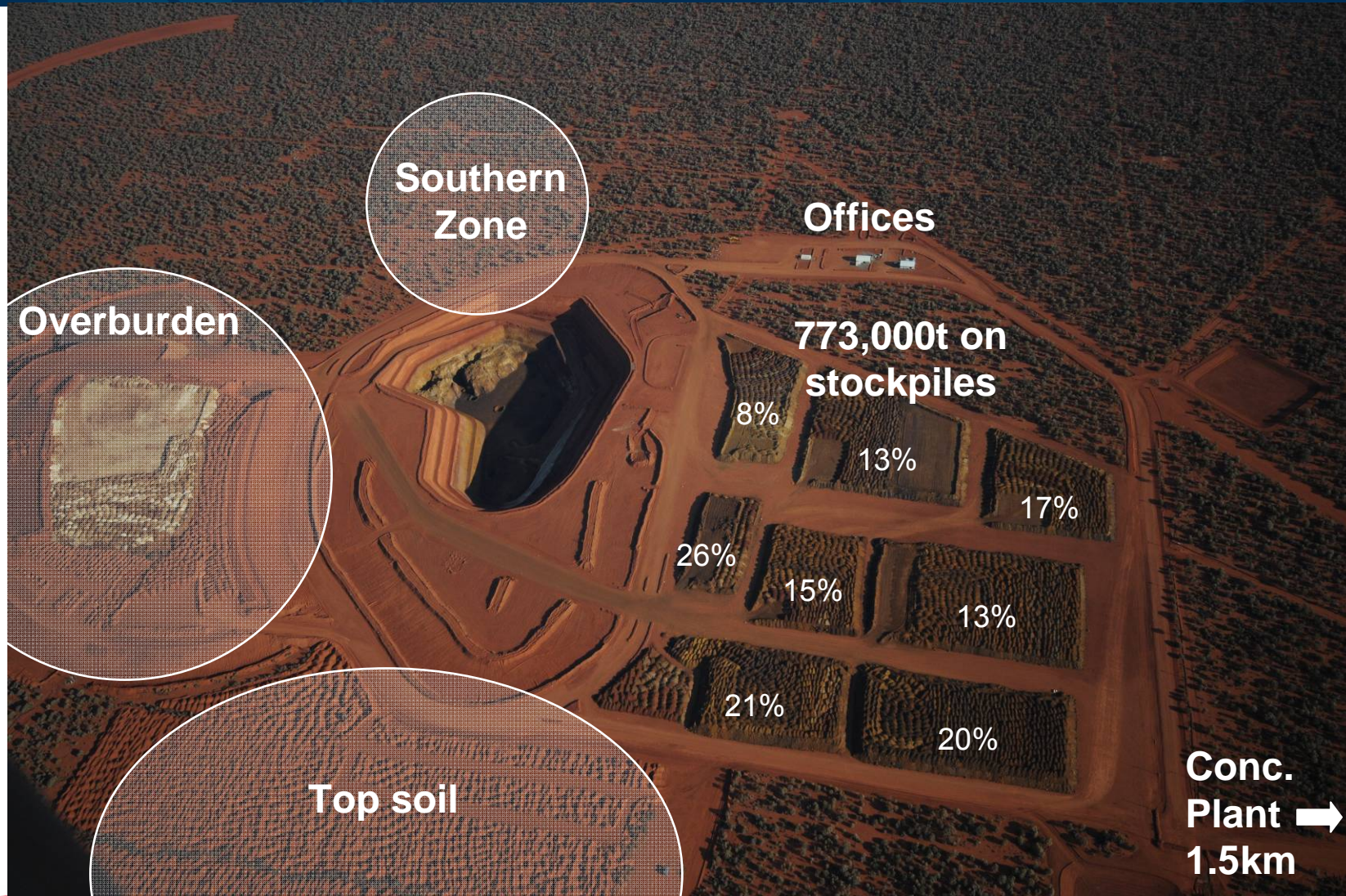
The Total CLD Sector Mineral Resource (2.5% REO cut-off)

Category	Tonnes (Mt)	Grade (%REO)	Tonnes (kt) REO
Measured	2.21	14.7	324
Indicated	5.26	10.7	563
Inferred	4.77	6.2	287
Total	12.24	9.7	1,184

- Current mine plan (within Central Zone Pit)
 - 4.47 Mt @ 13.6% REO for 608kt REO
- Within Southern Zone
 - 2.78Mt @ 4% REO for 111kt REO
- Low Thorium content, 44ppm ThO₂/1% REO

Mount Weld pit floor is currently 51m below surface, the mine plan pit floor is another 36m down

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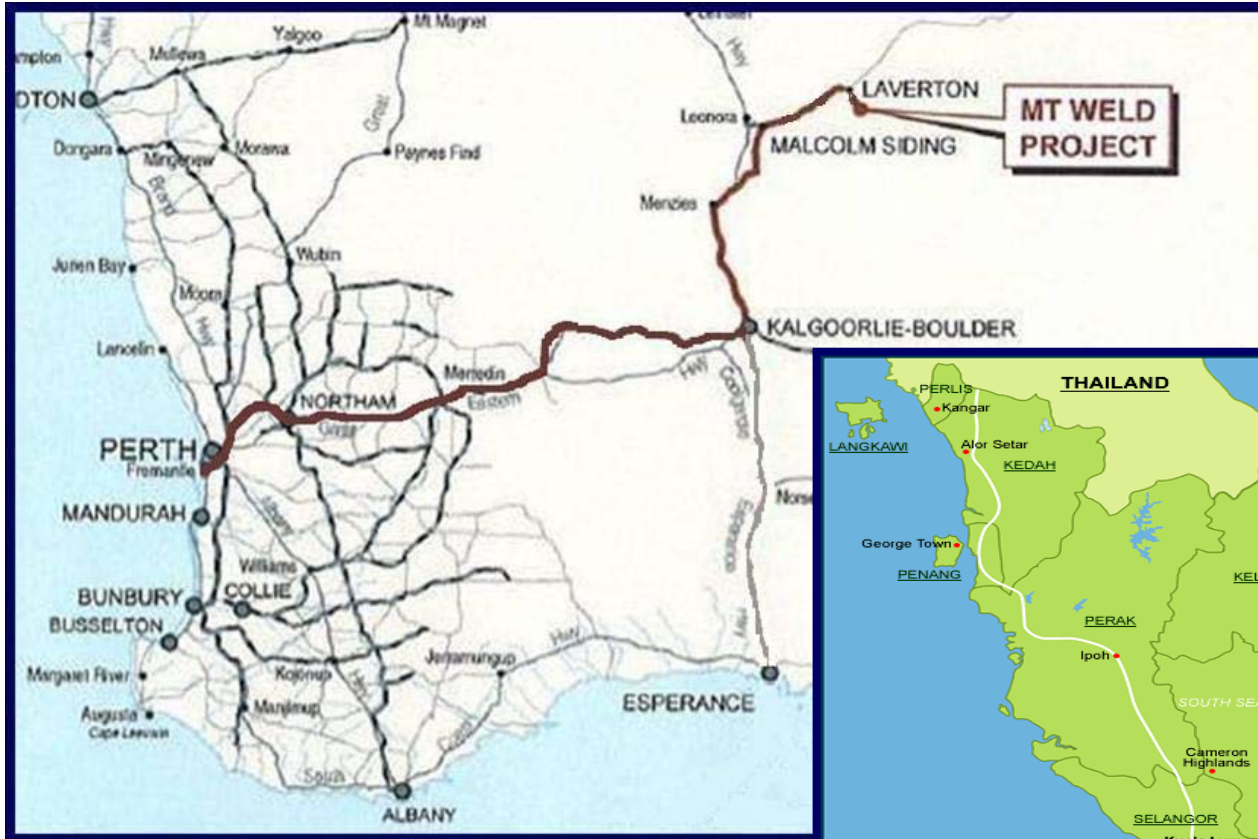


The Concentration Plant is scheduled to commence operations by the end of 2010



- ▶ All approvals in place
- ▶ Mechanical Engineering Design complete
- ▶ All major equipment procured
- ▶ Construction work recommenced onsite in April 2010, with progress on schedule

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



- Mount Weld to Fremantle = 1,000km
- Transportation approx 9% of total costs

The Advanced Materials Plant is scheduled to be completed in Q3 2011

- ▶ Engineering Design to be completed
 - United Group engaged as the Engineering and Construction Contractor
- ▶ All Approvals for construction in place

▶ Contract Status on-site

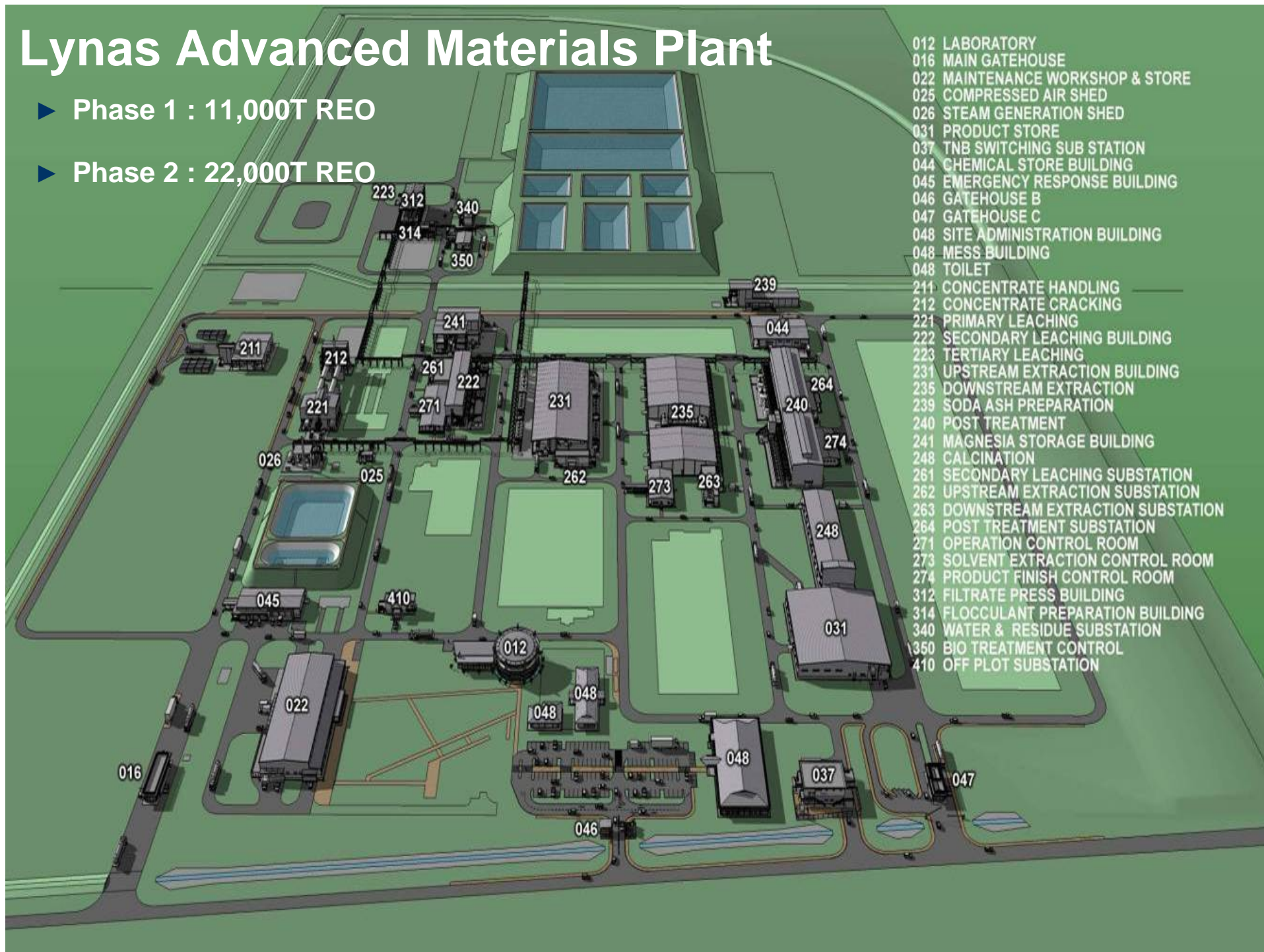
- | | |
|--------------------------------|-------------------------|
| ▪ Bulk earth works | Substantially completed |
| ▪ Piling | Substantially completed |
| ▪ Concreting works | To be re-initiated |
| ▪ Other construction contracts | To be let |

Lynas Advanced Materials Plant

- ▶ Phase 1 : 11,000T REO
- ▶ Phase 2 : 22,000T REO

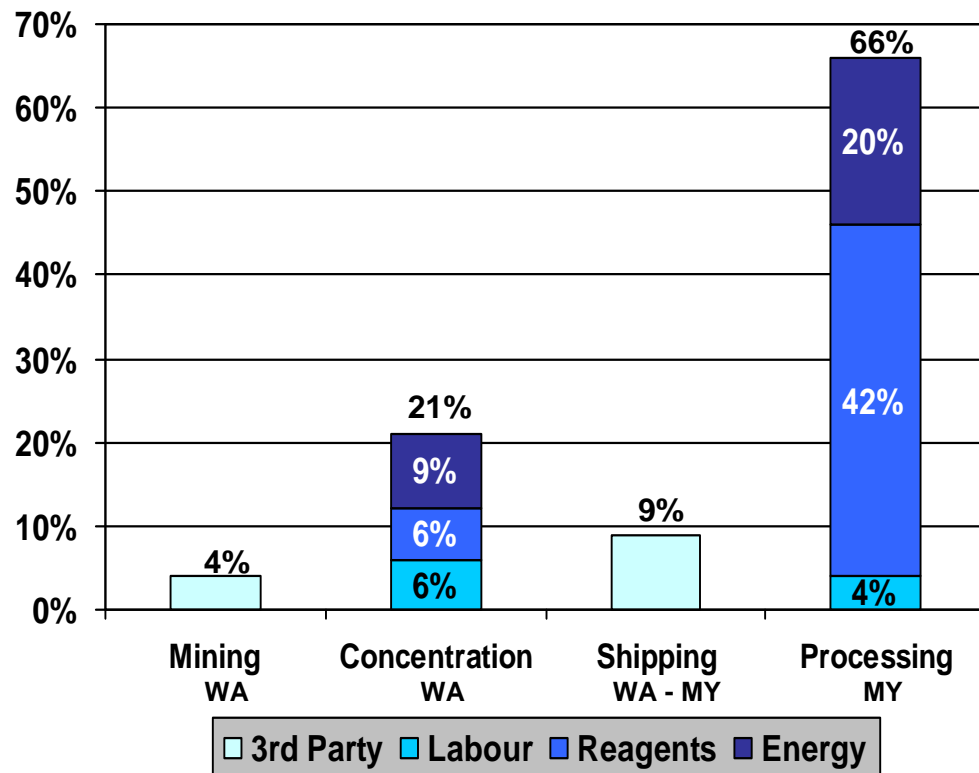
- 012 LABORATORY
- 016 MAIN GATEHOUSE
- 022 MAINTENANCE WORKSHOP & STORE
- 025 COMPRESSED AIR SHED
- 026 STEAM GENERATION SHED
- 031 PRODUCT STORE
- 037 TNB SWITCHING SUB STATION
- 044 CHEMICAL STORE BUILDING
- 045 EMERGENCY RESPONSE BUILDING
- 046 GATEHOUSE B
- 047 GATEHOUSE C
- 048 SITE ADMINISTRATION 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

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Operational expenses are dominated by reagent and energy costs

Cash Cost per tonne of finished REO
by expense type and region



- Current Budget assumes cash costs of USD 5.65 per kilo \pm 10%
- 2/3 of the costs are generated in Malaysia
- Reagents account for nearly 50% of total cash costs
- Followed by energy costs at nearly 30%

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	61.49	16.44	45.05
Gebeng Cracker & Separator Plant	232.40	45.10	187.30
Engineering & Project Management Costs	136.40	70.69	65.71
Other Capex including Land at Gebeng	74.30	58.88	15.42
Contingency	25.71	0.0	25.71
Total¹	\$530.30	\$191.11	\$339.19

Production Ramp-up Costs	Future spend A\$m
Western Australia	28.10
Gebeng	22.42
Finance, Admin, Marketing, Technical & Corporate Overheads (incl. suspension costs)	17.61
Total¹	\$68.13

Total Cash Requirement as at 31 Dec 2009¹	\$407.32
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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

Six customer agreements have been signed

Rhodia Supply Contract

- >US\$200M¹
- Long term 10 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

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

Applications	Raw Material Supply	Lynas
<ul style="list-style-type: none">▶ The growth drivers are :<ol style="list-style-type: none">1. More efficient use of energy2. Reduction of greenhouse gas3. Digitisation▶ Substitutes are not available for most applications▶ Continuous growth 8% CAGR is forecast	<ul style="list-style-type: none">▶ China dominates the market with 95% supply▶ China cannot meet growing world demand▶ Mount Weld is the only alternative source to China under construction	<ul style="list-style-type: none">▶ Funds raised for the completion of Phase 1, 11,000t REO pa.▶ Construction underway with completion due in Q2 2011▶ Infrastructure and utilities have been scaled for 22,000t REO▶ Supply contracts have been signed

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.