

Rare Earths

WE TOUCH THEM EVERYDAY

Investor Presentation

March 2011



ONLINE IN 2011,
DELIVERING
RARE EARTHS
GLOBALLY.



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Rare Earths cannot be substituted in many applications



RARE EARTHS: LANTHANIDES PLUS YITTRIUM – UNIQUE PROPERTIES

Rare Earth Elements

La	Ce	Pr	Nd	Pm	Sm	Eu	Gd	Tb	Dy	Ho	Er	Tm	Yb	Lu	Y
57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	39

Lanthanides

- **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

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



Energy efficiency through lower consumption



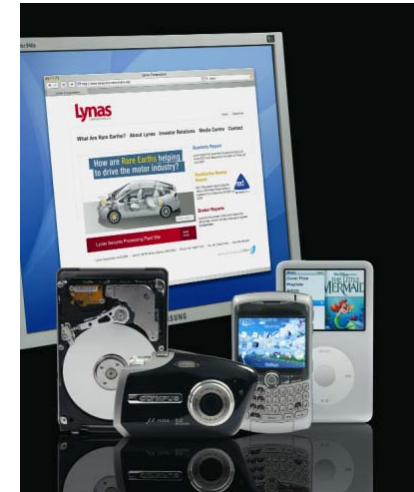
- Compact Fluorescent Lights
- Hybrid vehicle
- Weight reduction in cars

Environmental protection through lower emissions



- Wind turbine
- Auto catalytic converter
- Diesel additives

Smaller yet more powerful digital technology



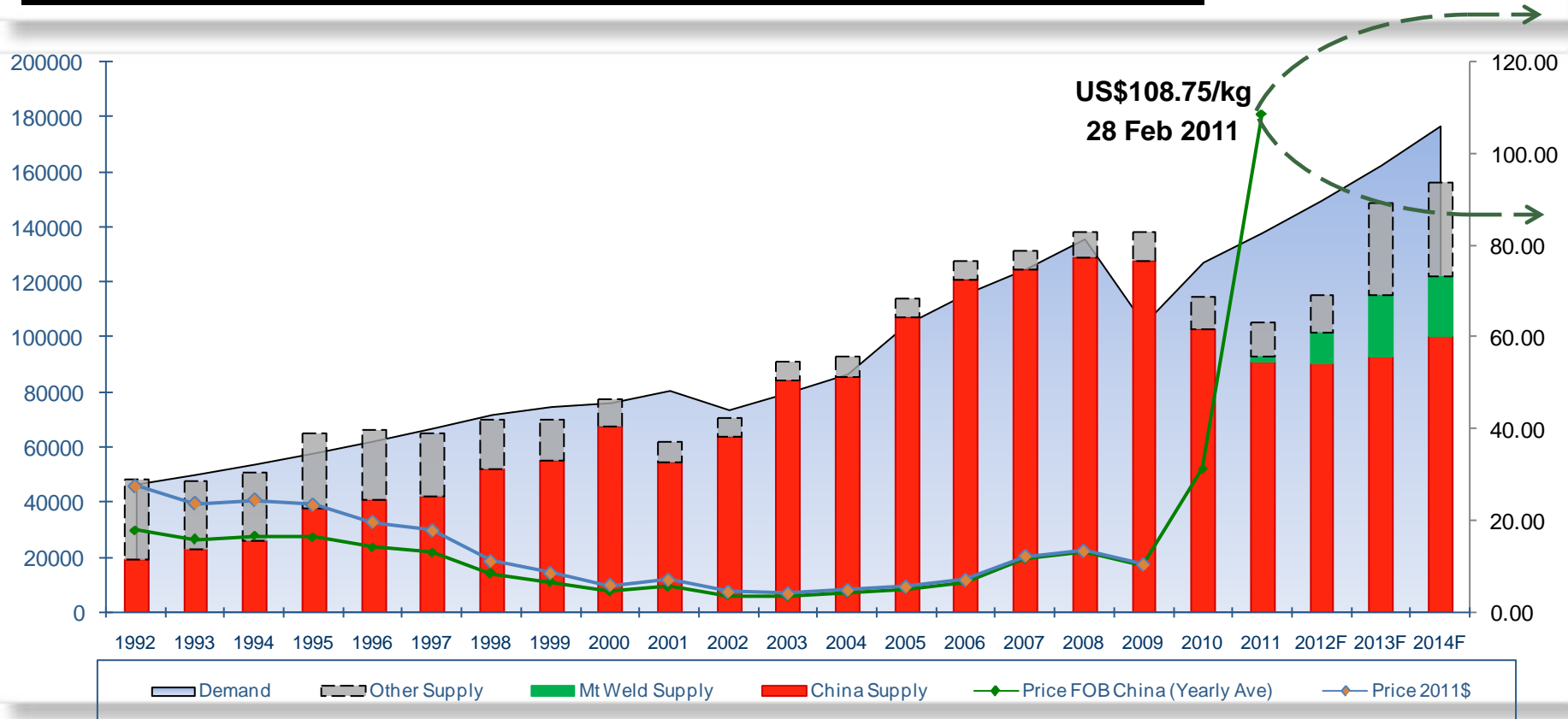
- Flat panel displays
- Disk drives
- Digital cameras



Supply shortfall and increasing prices are a result of structural change as China addresses environmental issues and illegal mining



HISTORIC AND FORECAST SUPPLY, DEMAND AND PRICING



Source: Industry resources and Lynas research



Magnets will be the growth driver for Rare Earths demand to 2014. Polishing powder demand has dropped due to activities to improve productivity



DEMAND FORECAST BY APPLICATION

2010 Demand by Application

Application	Demand (%)	Demand (t)
• Magnets	25%	31,500
• Battery Alloy	15%	18,600
• Metallurgy ex batt	9%	11,700
• Auto catalysts	7%	9,000
• FCC	17%	21,300
• Polishing Powder	11%	14,000
• Glass Additives	6%	7,800
• Phosphors	6%	7,900
• Others	4%	5,700
Total	100%	127,500

2014 Demand Forecast by Application

Application	Growth (%)	Demand (t)
• Magnets	12%	49,600
• Battery Alloy	15%	32,500
• Metallurgy ex batt	2%	12,700
• Auto catalysts	8%	12,200
• FCC	4%	24,900
• Polishing Powder	10%	20,600
• Glass Additives	0%	7,800
• Phosphors	8%	10,800
• Others	8%	6,100
Total	8%	177,200

Source: Non China market = aggregate of estimated manufacturer demand by application, China Market = IMCOA and China Rare Earths Information Centre.

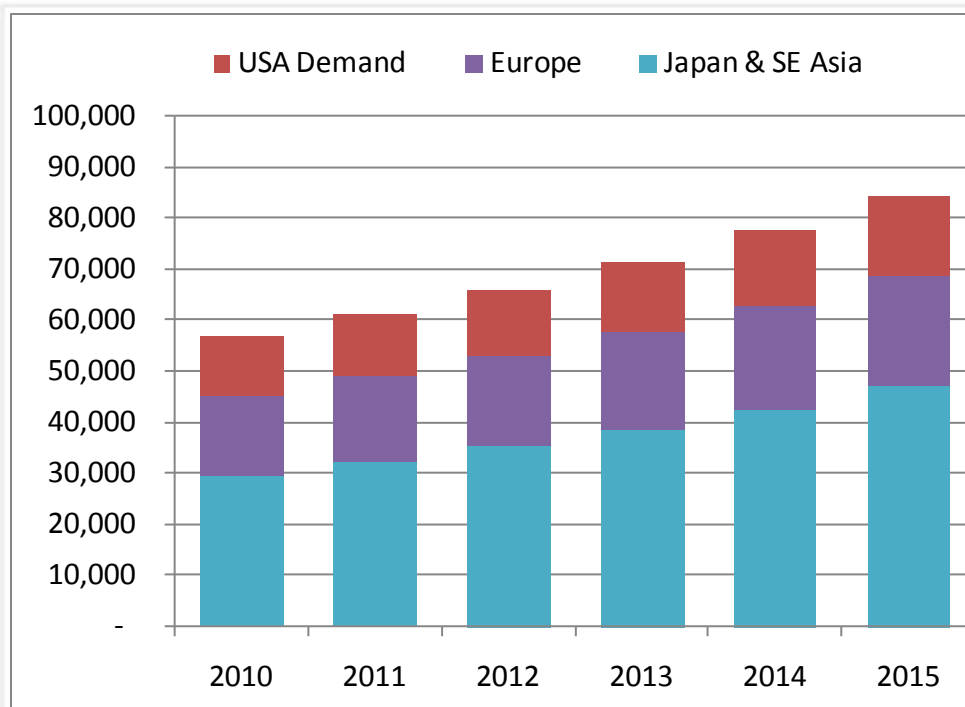
Note : Totals may not add due to rounding.



The market outside of China is growing strongly. Japan with an auto and high-tech manufacturing industry is the largest non-China market



DEMAND FORECAST, NON-CHINA REGIONS



Source: Lynas research

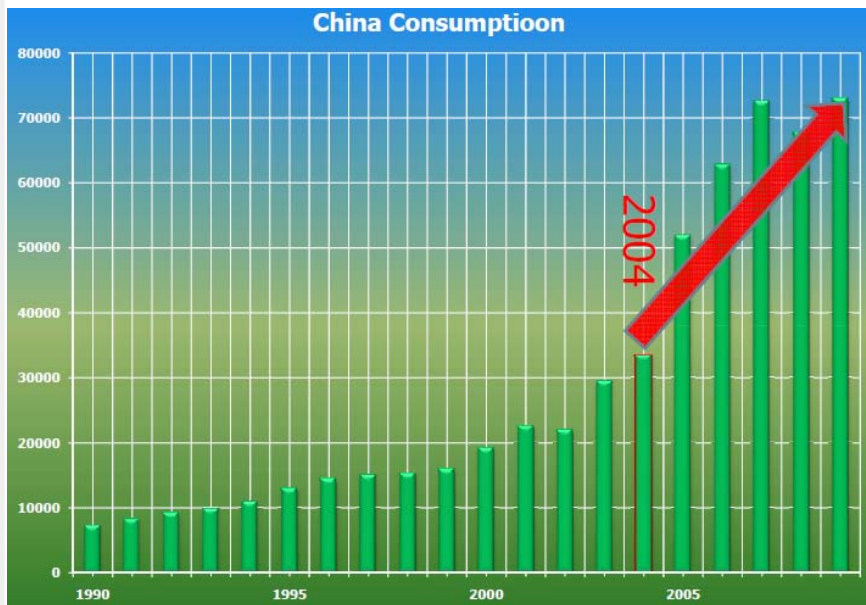
- Japan with an automotive and high-tech manufacturing industry is the largest market for Rare Earths outside of China
- Europe imports significant quantities for automotive catalytic converters and FCC production
- The majority of the USA demand is within the FCC industry
- The USA and EU consume significant additional amounts of Rare Earths within finished products manufactured in China and Japan



China is a strong growth market, driven by clean-tech and high-tech industry within China

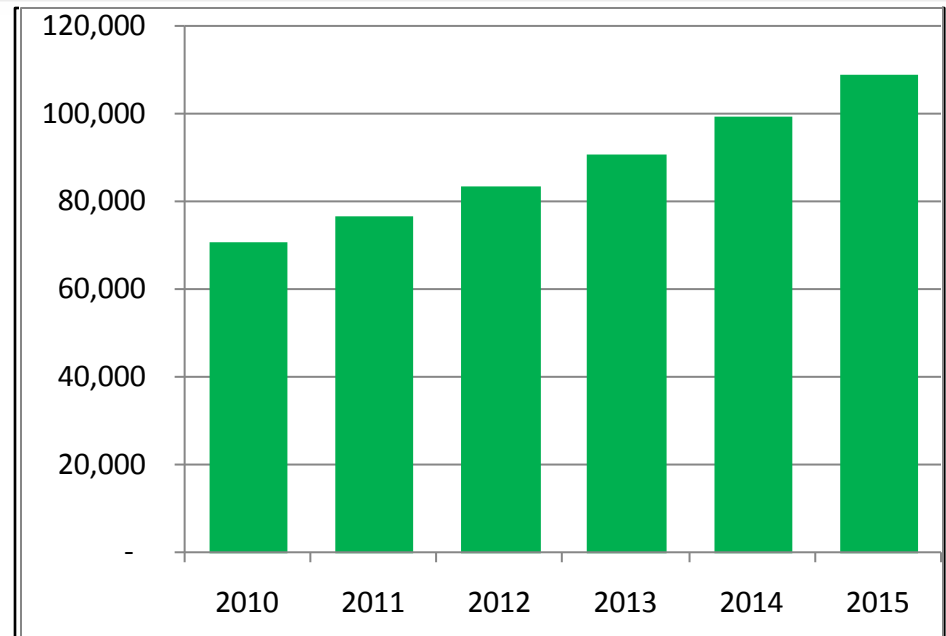


CHINA DEMAND 1990 to 2009 (t REO)



Source: CSRE, Critical Metals Investment Summit, Vancouver, Canada Jan 21, 2011

CHINA FORECAST DEMAND 2010 - 2015 (t REO)



Source: IMCOA and China Rare Earths Information Centre



China's maximum production p.a. will be 100kt REO after the industry is restructured – and as such China will move to a net importer in 2014/15

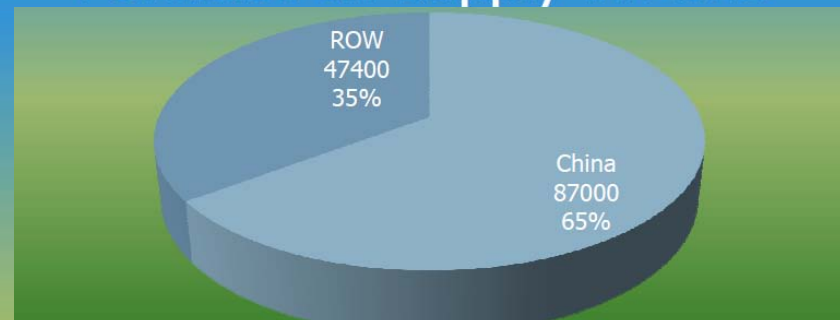


CSRE PRODUCTION FORECAST FOR CHINESE RARE EARTHS INDUSTRY

China's Production Control

- **Objective: Reduce environmental damage; curb illegal mining and smuggling**
- **The quantity control goal is 89.2 thousand tons in 2010, in that, 77 thousand tons is light rare earth products(86%), and 12.2 thousand tons is middle and heavy rare earth products(14%).**

Forecast on Supply in 2013

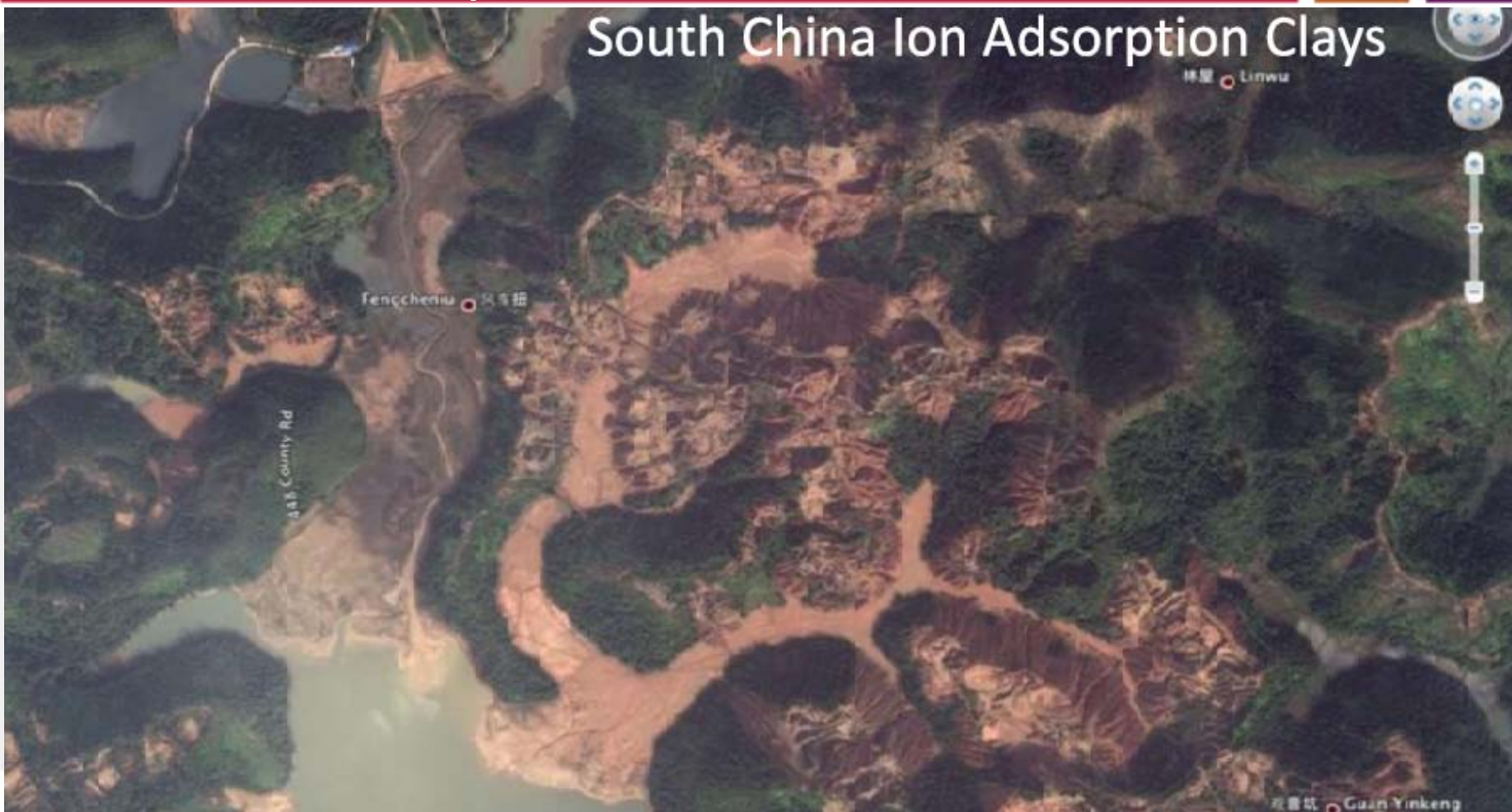


Forecast on Target Supply after 2015



Source: CSRE, Critical Metals Investment Summit, Vancouver, Canada Jan 21, 2011

The environmental issues which China references in communications about restrictions in Rare Earths exports are real



Source: Google Earth

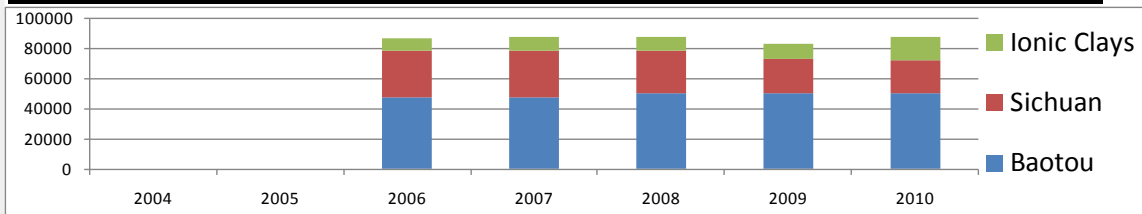


China aims to improve “return on resources” as well as stimulate Rest of World supply



CHINESE POLICY FOR THE RARE EARTHS INDUSTRY

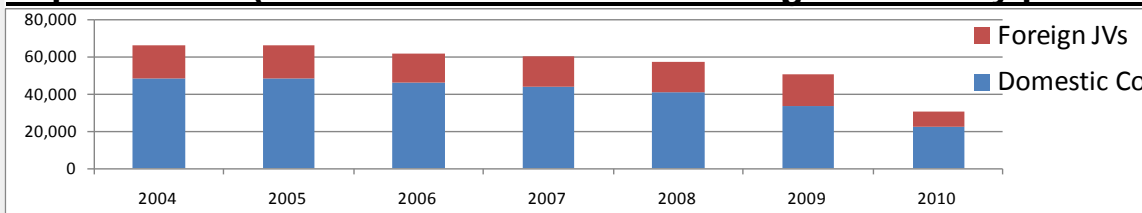
Production Quota (Tonnes REO contained within concentrate)



- 1H 2011 Export Quota 14,446t

- Chinese Government Rare earths new policy paper expected soon

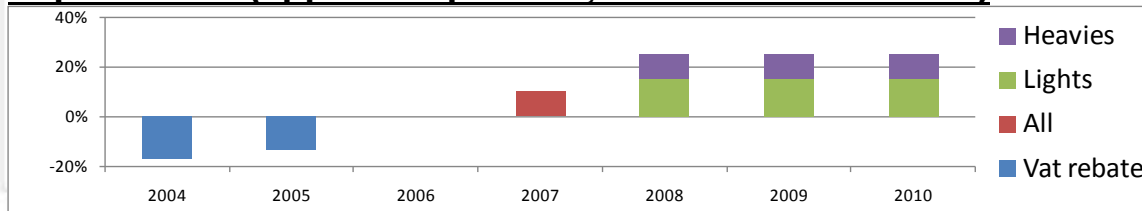
Export Quota (Tonnes of Rare Earths bearing commodity product)



- No prospecting or mining licences for Rare Earths until July 2011.

- Recognition by government of grey exports without quota; 20,000t in 2008, 10,000t in 2010.

Export Taxes (applied to product, VAT and Quota costs)



Source: Asian Metal, Metal Pages, Lynas research.



In 2010 Rare Earths supply (115kt REO), was outstripped by demand (128kt REO)



CHINESE SUPPLY SOURCES
(2010 CAPACITY, REO)

NON CHINESE SUPPLY SOURCES
(2010 CAPACITY, REO)

Baotou 55,000t

- By product of iron ore mine
- Moving to higher grade iron, with lower impurities and Rare Earths
- Tailing facilities near capacity

Sichuan 10,000t

- Jiangxi Copper to invest ¥1.2Bn
- Target to increase value added
- Capacity expected to increase

Ionic clay regions 35,000t

- Reportedly 14 yrs of resource
- Large amount of illegal mining
- Government action taking effect

Recycling 3,300t

Total 103,300t

India 3,000t

- Subsidiary of Indian AEA
- Toyota Tsusho bought trading firm with Japanese distribution

Russia 4,000t

- Limited expansion capacity
- By product of Mg production

Recycling 1,500t

- Magnet swarf
- Batteries – future potential

USA – Mountain Pass 3,000t

- Reprocessing stockpiles

Total 11,500t

Source: Industry resources and Lynas research



Our assumptions have 2014 global supply at 157kt REO, compared to demand of 177kt REO



2014 FORECAST SUPPLY ASSUMPTIONS

SUPPLY SOURCES

• Baotou	60,000t
• Sichuan	20,000t
• Ionic Clay Regions	17,000t
• Recycling in China	3,600t
China Total	100,600t
• Mount Weld	22,000t
• Mountain Pass	20,000t
• Others (India & Russia)	12,000t
• Recycling outside China	1,600t
Outside China Total	55,600t
Grand Total	156,200t

KEY UNDERLYING ASSUMPTIONS

- Baotou – 10% production increase 2010 / 2014
- Sichuan – full production quota to be utilised
- Ionic Clay – reduced further in line with CSRE statements
- Mountain Pass – 20,000tpa production (20,000tpa)
- Recycling – Nd, Pr & Dy recycled from previous year's magnet production (~30% SWARF losses)

Source: Industry resources and Lynas research



Additional supply is required, with favourable elemental balance - inside and outside China



2014 SUPPLY VS DEMAND (REO, SEPARATED PRODUCTS)

	<u>Demand</u>	<u>vs</u>	<u>Supply</u>
• Lanthanum	53,800t		40,000t
• Cerium	52,800t		66,300t
• Praseodymium	14,400t		8,300t
• Neodymium	40,900t		27,900t
• Samarium	1,100t		2,900t
• Europium	540t		375t
• Gadolinium	1,200t		1,700t
• Terbium	600t		250t
• Dysprosium	2,500t		1,100t
• Yttrium	9,300t		6,000t
• Total	177,200t		156,200t
			(21,000t)

SUPPLY/DEMAND ESTIMATED IMBALANCE (REO, SEPARATED PRODUCTS)

	<u>Balance</u>	<u>Comments</u>
• Lanthanum	- 13,800t	FCC outside China
• Cerium	+ 13,500t	mainly inside China
• Praseodymium	- 6,100t	short everywhere
• Neodymium	- 13,000t	short everywhere
• Samarium	+ 1,800t	short outside China
• Europium	- 165t	short inside China
• Gadolinium	+ 500t	oversupply
• Terbium	- 350t	short everywhere
• Dysprosium	- 1,400t	thrifting may help
• Yttrium	-3,300t	available stockpiles

Source: Industry resources and Lynas research.



Lynas will offer the first new source of supply of Rare Earths outside of China - Q3 2011



LYNAS VITALS AT A GLANCE

VISION: Be the leader in Rare Earths for a sustainable future.

EXCHANGE: ASX Top 100; code LYC

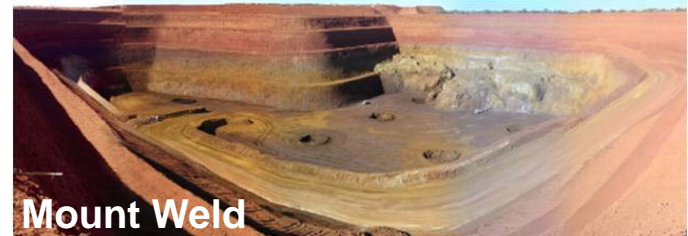
SHARES: 1,662m on issue

OPTIONS: 85m strike range 11c - \$1.60

MARKET CAP: A\$3.1bn as at 22 Feb 2011

CASH: A\$272m as at 31 Dec 2010

DEBT: Nil



Mount Weld



Concentration Plant



Lynas Advanced Materials Plant

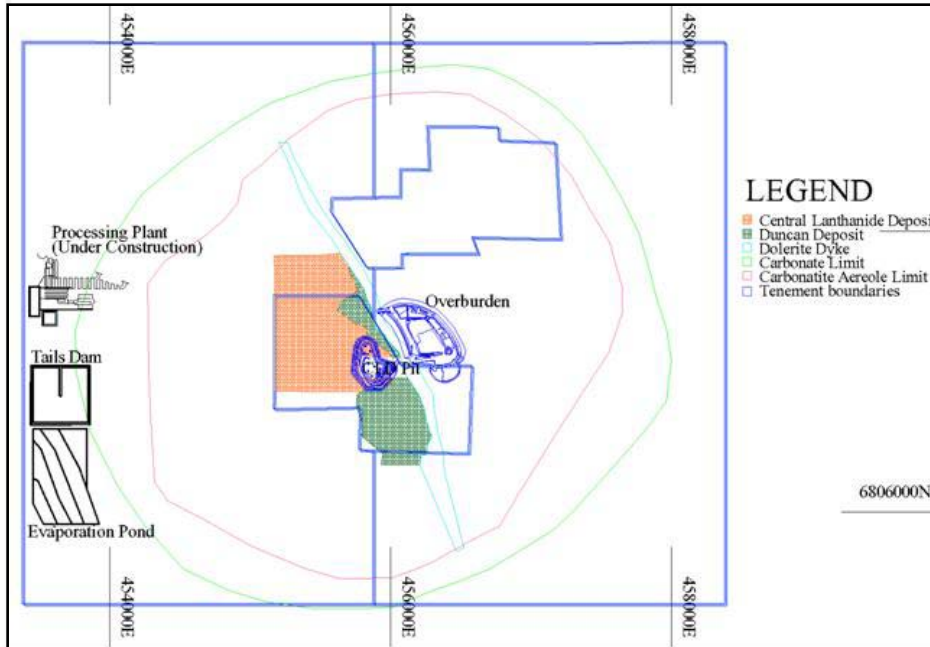


As at September 2010, 15% more resources in Mount Weld; New Total Resource of 1.4 million tonnes of REO



CENTRAL LANTHANIDE DEPOSIT AND DUNCAN DEPOSIT RESOURCES

Central Lanthanide Deposit & Duncan Deposit at Mount Weld Tenements



CLD & Duncan Mineral Resource (2.5% REO cut-off)

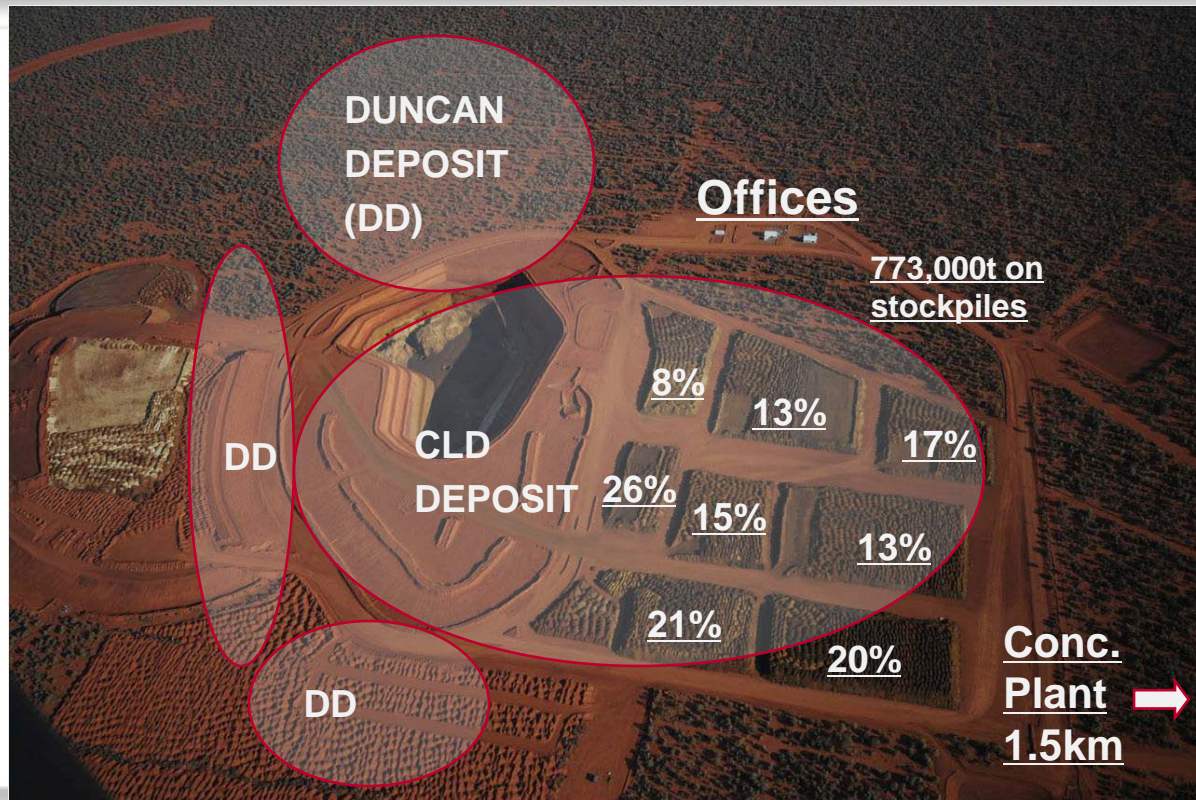
Category	Tonnes Mt	Grade % REO	Tonnes (kt) REO
CLD	9.88	10.7	1,057
Duncan	7.62	4.8	366
Total	17.49	8.1	1,416

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

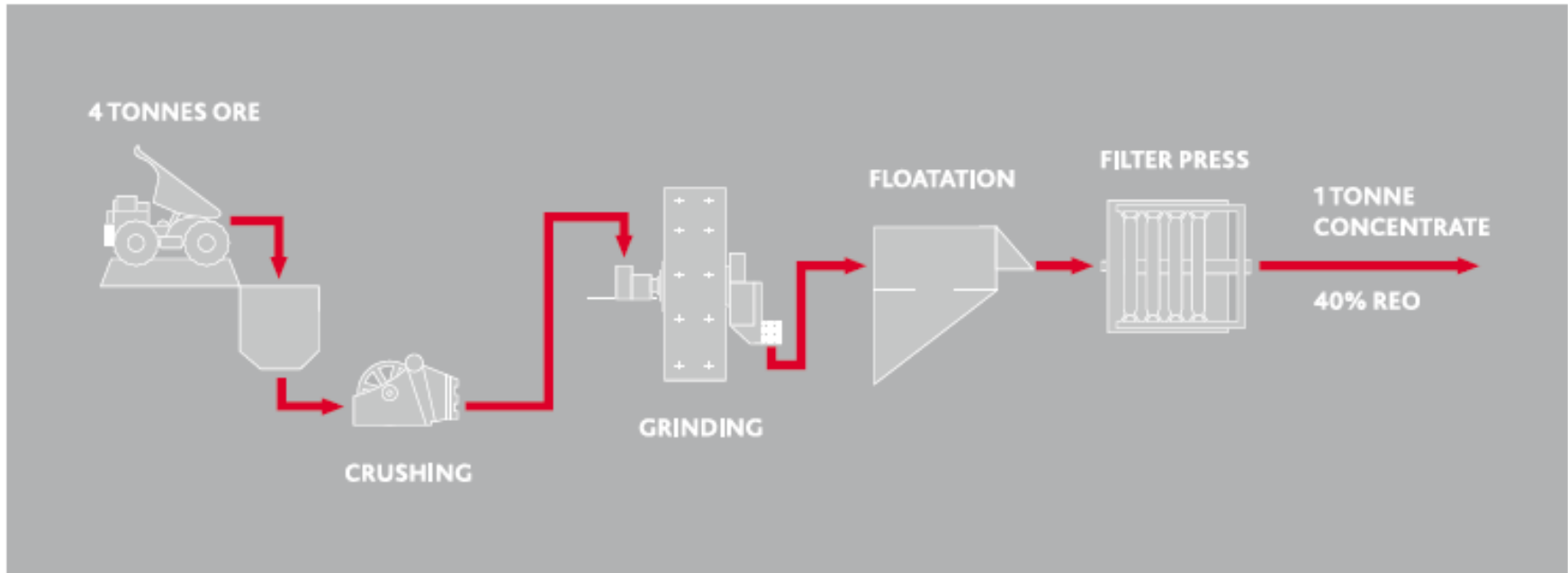
Mount Weld Rare Earths initial mining campaign complete, loss-time-injury-free, on budget



MOUNT WELD STOCKPILES WITH RARE EARTH OXIDE PERCENTAGES



Schematic - Concentration Plant process at Mount Weld, which has been fully pilot plant tested



Concentration Plant commissioning process has commenced, first ore into plant due March 2011



CONCENTRATION PLANT - FLOTATION SECTION



Majority of pre-commissioning complete, both dry and wet commissioning underway in various sections of the plant



CONCENTRATION PLANT



Ball mill and classification circuit



Flotation cells



First ore into Concentration plant is scheduled for March 2011



CONCENTRATION PLANT



Utilities – power and water



Thickener



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



- Mount Weld to Fremantle = 1000km
- Transportation approx. 9% of total costs



Lynas will expand the Malaysian processing hub, with the ability to take multiple sources of material



PROCESSING HUB WITH EXCEPTIONAL INFRASTRUCTURE

INDUSTRIAL INFRASTRUCTURE

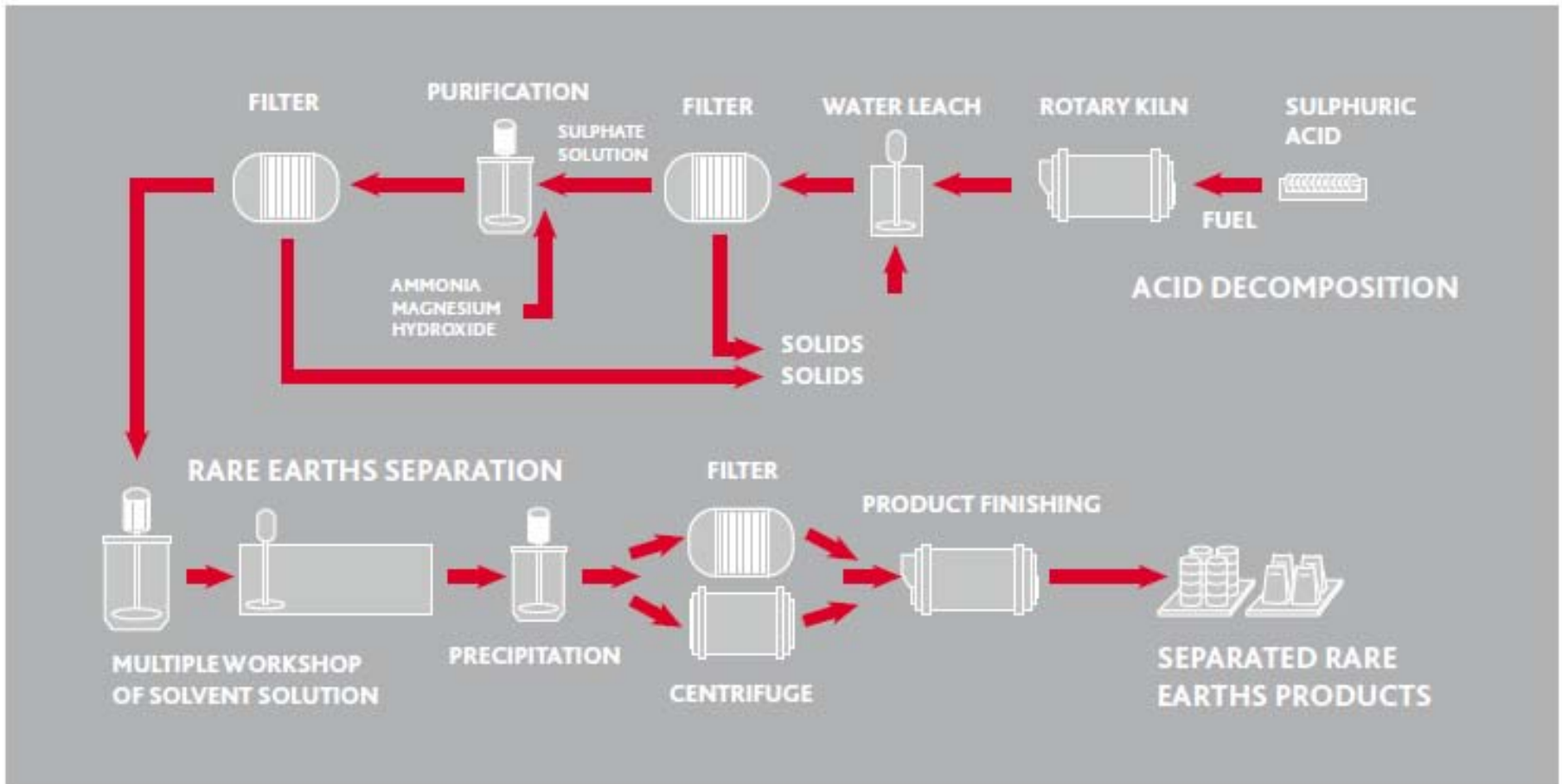
KNOWLEDGE INFRASTRUCTURE

GOVERNMENT INFRASTRUCTURE

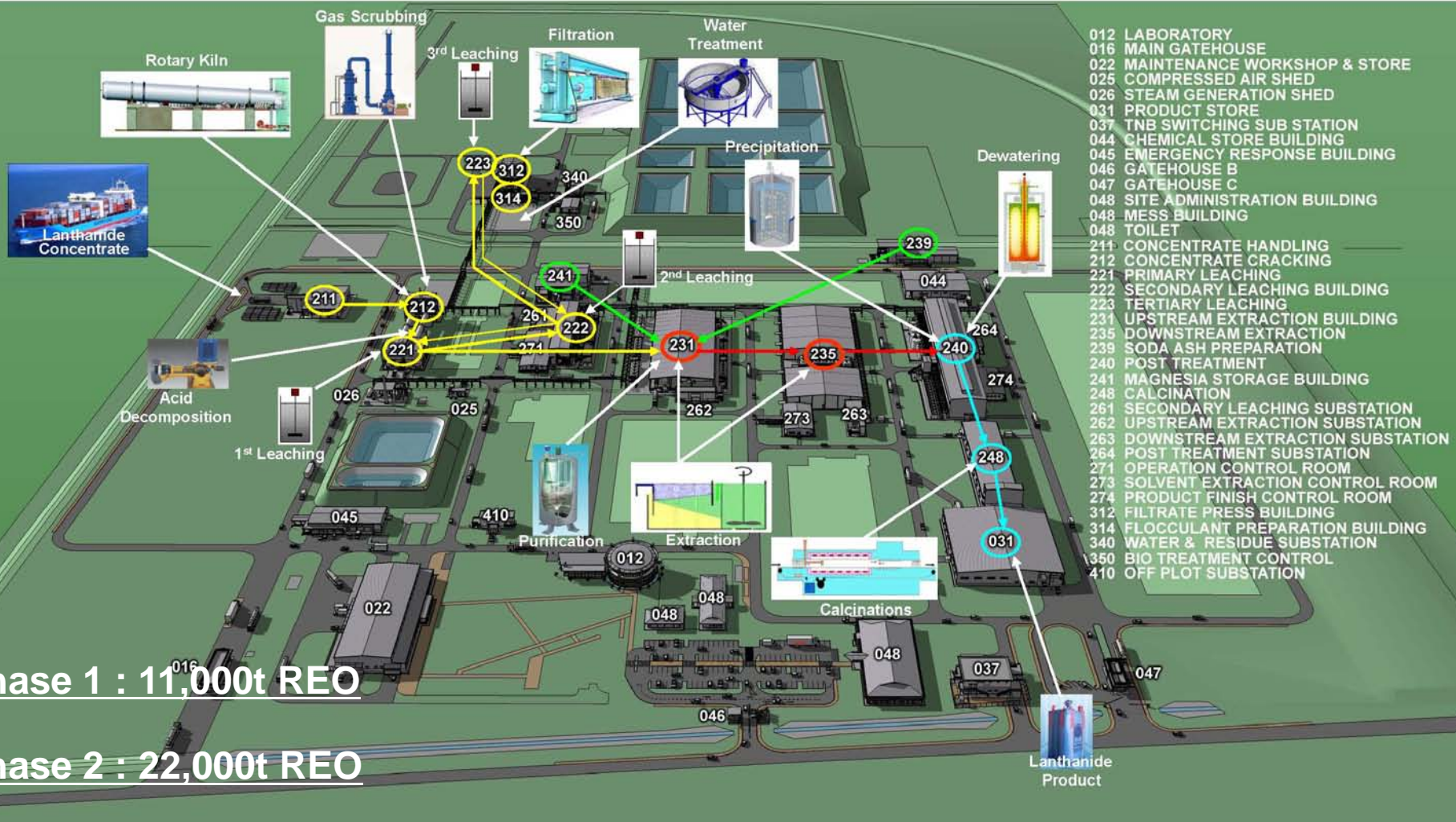
- Including FDI incentives
(12 years tax exemption for pioneer status)



Schematic - Lynas Advanced Materials Plant core process, which uses mature industry technology



Lynas Advanced Materials Plant (LAMP)



The Lynas Advanced Materials Plant (LAMP) is 0.8km wide (N-S) and 1.4 km long (E-W)



COLLAGE OVERVIEW OF LYNAS ADVANCED MATERIAL PLANT SITE



Select long lead time equipment and tankage is now being installed



The Lynas Advanced Materials Plant (LAMP) is scheduled to come online in Q3 2011



Upstream Extraction



Post Treatment



Downstream Extraction



Product Warehouse



We are industrialising our operations to meet our customers' expectations



FOUR PILLARS UNDERPINNING LYNAS' OPERATIONS

Marketing and Sales

- Serving long-term customer requirements and commitments, and thus providing input for plant extensions and new facilities.

Industrial

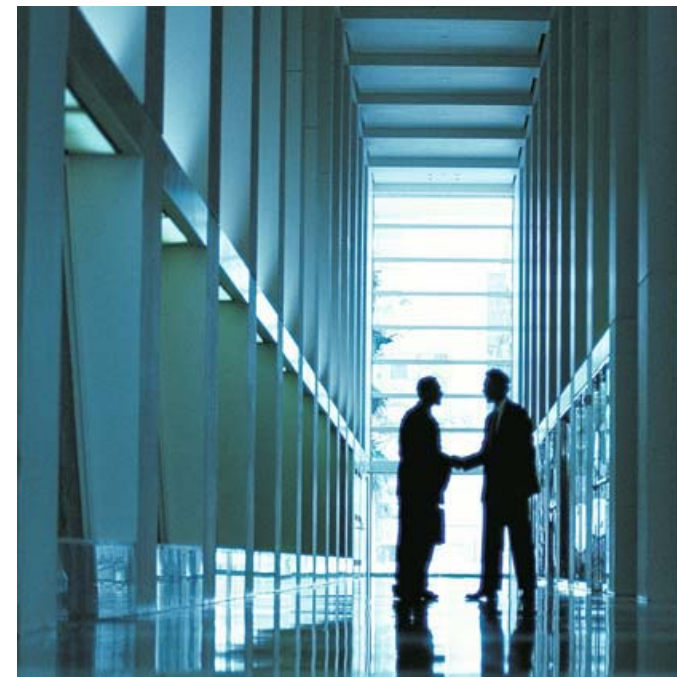
- Key value drivers are responsible care, customer satisfaction, asset optimisation and growth management.

Research and Technologies

- Working with customers to analyse and develop technologies to enable a cost-effective product offering

Business Excellence

- Providing and optimising services to support cost-effective operations at the processing plants.



Eight customer agreements have been signed; Strategic Alliance with Sojitz to provide stable supply to Japanese customers



Rhodia Customer Agreement - Supply Contract

- >US\$200M¹
- Long term 10 year contract, Phase I
- Cerium, Europium, Terbium & Lanthanum

2nd Customer Agreement - Supply Contract

- ~US\$200M¹
- Long term 5 year contract, Phase 1
- Neodymium & Praseodymium

3rd Customer Agreement - Supply Contract

- ~US\$20M¹
- Long term multiple year contract
- Product from Phase I & Phase II

Strategic Alliance with Sojitz

- Minimum of 8,500t (+/-500t) of product distributed into Japan market



8th Customer Agreement – Supply Contract

- Long term contract
- Product from Phase I & II

7th Customer Agreement – Supply Contract

- Multi - year contract
- Product from Phase I

6th Customer Agreement - Supply Contract

- Long term multiple year contract
- Product from Phase I & Phase II

5th Customer Agreement – Letter of Intent

- ~US\$80M¹
- Long term multiple year contract
- Product from Phase I & Phase II

4th Customer Agreement – Letter of Intent

- ~US\$80M¹
- Long term multiple year contract
- Product from Phase I & Phase II

SIX SUPPLY CONTRACTS AND TWO LETTERS OF INTENT SIGNED

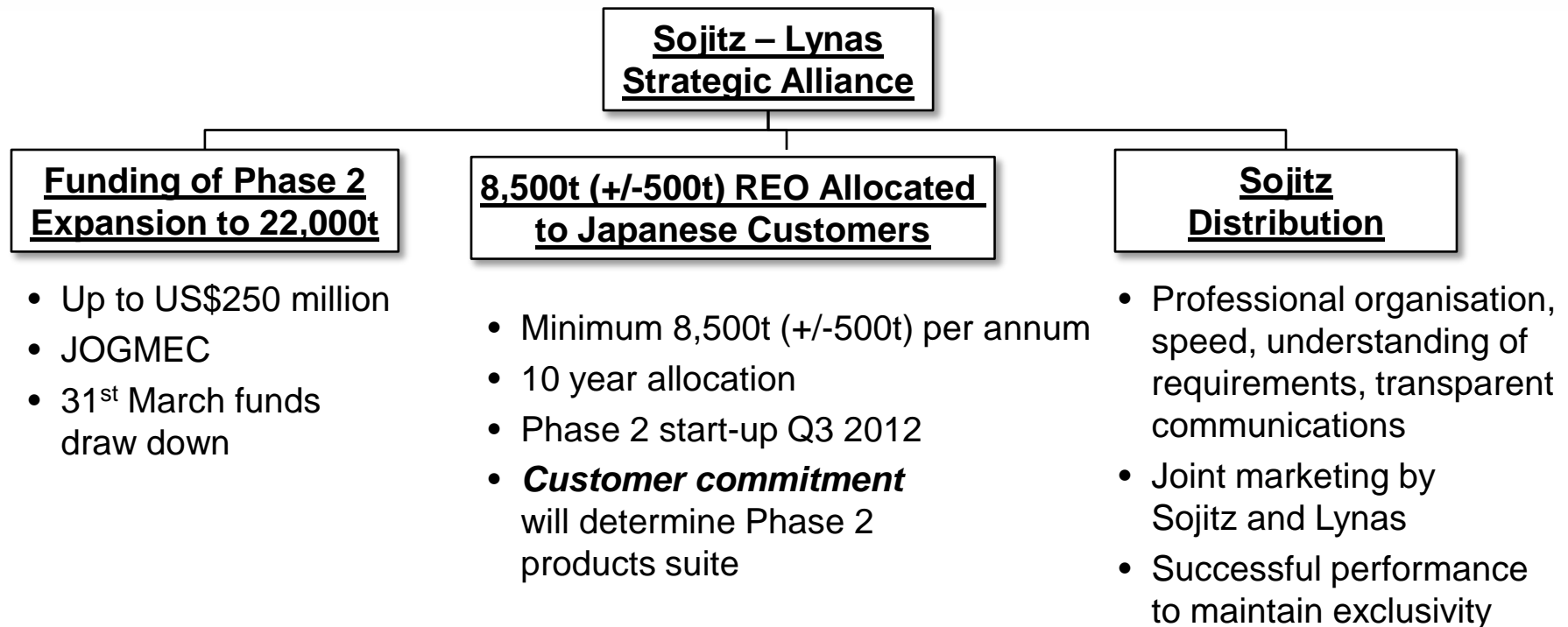


¹ Values reflect market prices at signing of contract

The Strategic Alliance with Sojitz aims to provide a stable and long term source of supply for the Japanese market



HIGHLIGHTS OF THE STRATEGIC ALLIANCE WITH SOJITZ



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



Construction & Other Capital Costs	Total A\$m	Actual to 30 Dec '10 A\$m	Spend to 1 st production A\$m
Mount Weld Concentration Plant	72.0	52.9	19.1
Lynas Advanced Materials Plant, Malaysia	236.8	83.5	153.3
Engineering & Project Management Costs	138.5	106.8	31.6
Contingency	20.4	-	20.4
Other Capex including Land at Gebeng	67.5	49.0	18.6
Total Capital Costs¹	\$535.2	\$292.1	\$243.1
Production Ramp-up Costs to 1 Sept 2011			Spend to 1 st production A\$m
Mount Weld Concentration Plant			15.4
Lynas Advanced Materials Plant, Malaysia			19.7
Finance, Admin, Marketing, Technical & Corporate Overheads			12.9
Total Operating Costs¹			\$48.0
Total Cash Requirement as at 31 Dec 2010¹			\$291.2
Cash on Hand 31 December 2010			271.5
OCBC Working Capital Facility			21.1
Total Cash plus Facility			\$292.6
Headroom including contingency			\$21.8

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



Lynas is completing the acquisition of additional Rare Earths resources in Malawi, Africa



Key points for Kangankunde (KGK)

- ▶ Fully permitted for operations
- ▶ Inferred Resource of 107,000 tonnes REO at an average grade of 4.24% REO, with a 3.5% cut-off grade.
- ▶ At a 3% REO cut-off grade the resource increases to 180,000 tonnes REO and remains open at depth
- ▶ Extremely low thorium levels for a Rare Earths deposit, 11ppm ThO₂ / 1% REO
- ▶ Pilot plant completed for gravity concentration process
- ▶ Unassembled gravity separation concentration equipment included in sale



Lynas now has two JORC compliant deposits, work will commence forthwith on Kangankunde



The Kangankunde Carbonatite



Next steps for the Kangankunde RE deposit

- ▶ Initiate an environmental management plan
- ▶ Undertake drilling program to provide drill core and test resource extension
- ▶ Validate the concentrate production flow sheet
- ▶ Cracking and separation test work shall commence on the concentrate
- ▶ Concentrate may be processed in Africa to produce a mixed rare earths product which will then be shipped to Malaysia for separation, or may be full processed at the Malaysian processing facility

Lynas – online in 2011, delivering Rare Earths globally



Our vision is to be the leader in Rare Earths for a sustainable future.

We are close to realising this vision.

Lynas will be online in 2011, delivering Rare Earths globally. This is the first new production outside of China.

The LAMP is scheduled to come online in Q3 2011, and the production capacity of Phase 1 will be 11,000tpa REO. Planning for Phase 2 is underway for an additional 11,000tpa REO.



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.

