14 June 2012

Duncan Deposit Update

Highlights:

- **Scoping study advances Duncan Deposit process evaluation into pilot scale**
- **New customized process to be developed for feed material that is richer in Heavy Rare Earths**
- **Definitive feasibility study to include preliminary site selection for processing of 'new' ore and funding analysis**

Lynas Corporation Limited (ASX:LYC, OTC:LYSDY) provides the following update in relation to the area of the Mount Weld Mineral Resource known as the Duncan Deposit. As detailed in the Lynas ASX announcement dated 18 January 2012, the Duncan deposit has a distribution biased more towards high value heavy Rare Earths, and it is located immediately to the east and south of the Central Lanthanide Deposit ("CLD") at Mount Weld. The Duncan Deposit is a shallow deposit that could be exploited using open cut mining methods.

Lynas has now completed a scoping study in respect of the Duncan Deposit.

The next steps will include more detailed evaluation of potential locations for processing, and other work that will allow a detailed feasibility study to be prepared.

Lynas considered various alternative processing methods as part of the scoping study. Rare Earth ores from different deposits may require different forms of processing. The detailed feasibility study will focus on direct chemical beneficiation with demonstration at pilot scale. Preliminary bench top test-work conducted for the scoping study achieved a recovery of approximately 84% for non-cerium rare earths to mixed rare earth chloride by direct chemical treatment of the ore.

The detailed feasibility study will relate to a project with the following estimated parameters. The following are preliminary figures that are subject to change, and they assume no cerium recovery:

Capital cost estimate for the proposed Duncan processing plant: approximately $600 million.

Cash cost of production: approximately $40 per kilogram of REO. (This cost is significantly higher than the equivalent cost for the CLD because the proposed Duncan process involves direct chemical beneficiation.)

Production: approximately 13,000 tonnes per annum of REO, excluding cerium.

Modelled throughput: approximately 500,000 tonnes per annum.

Weighted average basket sales price of production: approximately US$75 per kilogram of REO, assuming today's domestic China prices, including VAT, but excluding cerium sales. This estimated price is based on the prices published by Asian Metal online at www.asianmetal.com.

It is estimated that the Duncan Deposit will be approximately a 4 year development project.

Table 1 below shows the classification of Mineral Resource for the Duncan Deposit.

TABLE 1: CLASSIFICATION OF MINERAL RESOURCES FOR THE DUNCAN DEPOSIT

Duncan Deposit Category	'000 tonnes	REO (%) *
Measured	4,499	5.1
Indicated	3,925	4.7
Inferred	569	3.7
Total	**8,992**	**4.8**

* REO (%) includes all the lanthanide elements plus Yttrium

The average REO distribution of the Duncan Deposit is shown in Table 2.

TABLE 2: REO DISTRIBUTION OF MINERAL RESOURCES

Rare Earths Oxides	Duncan Deposit
Lanthanum Oxide	24.87%
Cerium Oxide	39.38%
Praseodymium Oxide	4.75%
Neodymium Oxide	17.89%
Samarium Oxide	2.83%
Europium Oxide	0.77%
Gadolinium Oxide	1.99%
Terbium Oxide	0.26%
Dysprosium Oxide	1.27%
Holmium Oxide	0.19%
Erbium Oxide	0.41%
Thulium Oxide	0.04%
Ytterbium Oxide	0.18%
Lutetium Oxide	0.02%
Yttrium Oxide	5.17%
Total	100.00%

The estimated annual production from the Duncan Deposit based on the scoping study is shown in Table 3 (subject to change).

TABLE 3: ESTIMATED ANNUAL PRODUCTION FROM THE DUNCAN DEPOSIT (EXCLUDING CERIUM)

Rare Earths Oxides	Indicative Annual Production (tpa of REO)
Lanthanum Oxide	5,136
Cerium Oxide	0
Praseodymium Oxide	1,059
Neodymium Oxide	4,034
Samarium Oxide	649
Europium Oxide	178
Gadolinium Oxide	469
Terbium Oxide	62
Dysprosium Oxide	300
Holmium Oxide	45
Erbium Oxide	98
Thulium Oxide	9
Ytterbium Oxide	42
Lutetium Oxide	4
Yttrium Oxide	1,126
Total	Approx. 13,000

The scoping study and the definitive feasibility study will be funded from existing working capital.

For further information please contact Alistair Reid or Liz Whiteway on +61 2 8259 7100 or visit www.lynascorp.com

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COMPETENT PERSON'S STATEMENT

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.

Notes on Resource Estimates

The Resource estimates were prepared by Brendan Shand MAusIMM who is an employee of Lynas Corporation. Brendan Shand is a Competent Person as defined by the 2004 JORC Code. Information in this release relating to resource estimates is based on and accurately reflects information provided by Brendan Shand who consents to the inclusion of the new Resource estimates. Brendan Shand consents to the inclusion of these results and the accompanying notes in the form and context in which they appear.

REO are defined as the rare earth oxides from La to Lu. Yttrium is associated with REO and in this report Yttrium has been included in the REO grades. Some Resources within the pit have been mined and are currently on stockpiles awaiting processing.

Quality assurance and quality control. The surveying, sampling and assaying carried out by Lynas Corporation has had rigorous QAQC applied to them to ensure accuracy and representivity of the drilling data collected by Lynas Corporation. Previous work by Hellman and Schofield (H&S) draws attention to an uncertainty with assaying accuracy in pre-Lynas assays that may contribute to the resource estimates being understated by up to approximately 5-10%. These holes have only been used to estimate inferred resources. Grade control and mining has been carried out in one section of the Central Lanthanide Deposit and there has been very good reconciliation between the grade control drilling, the mined ore and the wider spaced Resource drilling. This has given a lot of confidence in the accuracy of the data and modelling.

Geology and mineralisation. The area referred to in this report occurs within the Mount Weld carbonatite which is a 3.5 km diameter near-vertical plug that has been deeply weathered and covered with lake sediments ranging from 20 m to 50 m in thickness. The mineralisation has been defined on the basis of various regolith units, approximately 30 m thick, below the lake sediments and above the fresh carbonatite. These include the "CZ", "LI" and "AP" units. The mineralised CR unit at the top of the regolith was excluded because of a lack of sampling in the unit.

Drilling and sampling. The geological database used for the Resource Estimates consists of 780 assayed vertical holes (6 diamond core holes and 774 air-core reverse circulation holes ("RC"), representing 18,232 assayed metres. In addition, there are 173 assayed RC holes (4896 assayed metres) that are suspected to have suffered loss of fines in the hydrocyclone sampling plant due to high water flows experienced before dewatering of the regolith in 1991. Accordingly, these have only been used to estimate inferred Resources. The drill hole spacing is a combination of 10 by 10 and 20 by 20 metres in the pit area where grade control and Ore Reserve definition drilling has been carried out. The Duncan Deposit and the bulk of the Central Lanthanide Deposit have a 40 by 40 metre pattern over them and peripheral areas have a nominal 100 by 100 metre drilling pattern.

Assaying. Routine assaying of 14 lanthanides, Y, Th, U, Al, Si, P, Mn, Fe and Ca has been undertaken by Genalysis Laboratories, Perth. The lanthanides and Y, Th and U were assayed using a 0.2 g sample and a total fusion/HCl digestion.

Geological modelling. Cross-sectional geological interpretations were completed for the entire area referred to in this report and used to create wireframes to define the boundaries of different lithologies. The wireframes were used to create a geological block model with dimensions of 10 x 10 x 2.5 m (x, y, z). Each lithology was assigned a constant density ranging from 1.6 to 2.1. The densities were determined for each lithology from 71 samples in previous resource estimations and it was found during mining there was good reconciliation with these bulk densities. Hence they have been used in these resource estimations.

Resource Estimation. Ordinary kriging was used to estimate TLnO grades from two metre composites within the mineralised zone using three estimation passes. Confidence classification is on the basis of proximity to and number of data points as well as data quality. Measured block grades are estimated from a 60x60x10 m search with a maximum and minimum number of data of 32 and 10, respectively. Indicated block grades result from a 60x60x12 m search (32/5 points) and 120x120x24m search (32/5 points) search inside a solid around all the 40m by 40m drilling pattern. Both measured and indicate grade blocks were derived from drill hole data collected after the area was dewatered. Inferred block grades result from 60x60x12 m search (32/5 points) and 120x120x24m search (32/5 points) search outside the 40m by 40m drilling area on the west side of the dolerite dyke dissecting the mineralisation. All the drill hole data was used for the inferred resources.

Cut-off grades. Reported cut-off grades have been based on the assumptions made by Lynas Corporation that are believed to be realistic in terms of current considerations of prices, processing and mining costs and the marketability of the REO Resource.