

Form 604
Corporations Act 2001
Section 671B

Notice of change of interests of substantial holder

To Company Name/Scheme LYNAS CORPORATION LIMITED

ACN/ARSN 009 066 648

1. Details of substantial holder (1)

Name Morgan Stanley & Co. International plc
ACN/ARSN (if applicable) Not Applicable

There was a change in the interests of the substantial holder on

Aug 4, 2010

The previous notice was given to the company on

July 16, 2010

The previous notice was dated

July 14, 2010

2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary Shares	84,250,912	5.09%	109,826,074	6.63%
				Based on 1,655,499,093 shares outstanding

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of Securities affected	Person's votes affected
July 15, 2010	Morgan Stanley & Co. International plc	Sell	0.6841	-233892 Ordinary Shares	(233,892)
July 15, 2010	Morgan Stanley Australia Securities Limited	Buy	0.6831	3305232 Ordinary Shares	3,305,232
July 16, 2010	Morgan Stanley & Co. Incorporated	Borrow	N/A	2000000 Ordinary Shares	2,000,000
July 16, 2010	Morgan Stanley & Co. International plc	Buy	0.6750	49793 Ordinary Shares	49,793
July 16, 2010	Morgan Stanley & Co. International plc	Sell	0.6850	-34430 Ordinary Shares	(34,430)
July 16, 2010	Morgan Stanley Australia Securities Limited	Sell	0.6800	-44275 Ordinary Shares	(44,275)
July 19, 2010	Morgan Stanley & Co. Incorporated	Borrow returned	N/A	-2000000 Ordinary Shares	(2,000,000)
July 19, 2010	Morgan Stanley & Co. International plc	Borrow	N/A	40000 Ordinary Shares	40,000
July 19, 2010	Morgan Stanley & Co. International plc	Buy	0.6550	20000 Ordinary Shares	20,000
July 19, 2010	Morgan Stanley & Co. International plc	Sell	0.6550	-69118 Ordinary Shares	(69,118)
July 19, 2010	Morgan Stanley Australia Securities Limited	Buy	0.6600	12339 Ordinary Shares	12,339
July 19, 2010	Morgan Stanley Australia Securities Limited	Sell	0.6629	-26830 Ordinary Shares	(26,830)
July 20, 2010	Morgan Stanley & Co. International plc	Buy	0.6694	123904 Ordinary Shares	123,904
July 20, 2010	Morgan Stanley Australia Securities Limited	Buy	0.6673	49076 Ordinary Shares	49,076
July 21, 2010	Morgan Stanley & Co. International plc	Sell	0.6735	-107375 Ordinary Shares	(107,375)
July 21, 2010	Morgan Stanley Australia Securities Limited	Buy	0.6794	40809 Ordinary Shares	40,809
July 22, 2010	Morgan Stanley & Co. International plc	Borrow	N/A	20000 Ordinary Shares	20,000
July 22, 2010	Morgan Stanley & Co. International plc	Buy	0.7056	309896 Ordinary Shares	309,896
July 22, 2010	Morgan Stanley & Co. International plc	Sell	0.6968	-37858 Ordinary Shares	(37,858)
July 22, 2010	Morgan Stanley Australia Securities Limited	Buy	0.7016	29401 Ordinary Shares	29,401
July 23, 2010	Morgan Stanley & Co. International plc	Borrow returned	N/A	-7312 Ordinary Shares	(7,312)
July 23, 2010	Morgan Stanley & Co. International plc	Buy	0.7225	208246 Ordinary Shares	208,246
July 23, 2010	Morgan Stanley Australia Securities Limited	Buy	0.7200	21689 Ordinary Shares	21,689
July 26, 2010	Morgan Stanley & Co. International plc	Borrow	N/A	7312 Ordinary Shares	7,312

July 26, 2010	Morgan Stanley & Co. International plc	Buy	0.7614	365958 Ordinary Shares	365,958
July 26, 2010	Morgan Stanley Australia Securities Limited	Buy	0.7665	14676 Ordinary Shares	14,676
July 27, 2010	Morgan Stanley & Co. International plc	Buy	0.7944	49161 Ordinary Shares	49,161
July 27, 2010	Morgan Stanley Australia Securities Limited	Buy	0.7911	56002 Ordinary Shares	56,002
July 27, 2010	Morgan Stanley Investment Advisors Inc.	Buy	0.7959	78777 Ordinary Shares	78,777
July 27, 2010	Morgan Stanley Investment Management Inc.	Buy	0.7959	4966526 Ordinary Shares	4,966,526
July 28, 2010	Morgan Stanley & Co. International plc	Buy	0.7550	34424 Ordinary Shares	34,424
July 28, 2010	Morgan Stanley Australia Securities Limited	Buy	0.7634	31298 Ordinary Shares	31,298
July 28, 2010	Morgan Stanley Australia Securities Limited	Sell	0.7600	-11381 Ordinary Shares	(11,381)
July 29, 2010	Morgan Stanley & Co. International plc	Borrow returned	N/A	-7312 Ordinary Shares	(7,312)
July 29, 2010	Morgan Stanley & Co. International plc	Buy	0.7800	1000000 Ordinary Shares	1,000,000
July 29, 2010	Morgan Stanley & Co. International plc	Sell	0.7597	-110415 Ordinary Shares	(110,415)
July 29, 2010	Morgan Stanley Australia Securities Limited	Buy	0.7756	4852754 Ordinary Shares	4,852,754
July 29, 2010	Morgan Stanley Australia Securities Limited	Sell	0.7762	-2401000 Ordinary Shares	(2,401,000)
July 29, 2010	Morgan Stanley Investment Advisors Inc.	Buy	0.7757	1016 Ordinary Shares	1,016
July 29, 2010	Morgan Stanley Investment Management Inc.	Buy	0.7757	58984 Ordinary Shares	58,984
July 30, 2010	Morgan Stanley & Co. International plc	Buy	0.7613	112057 Ordinary Shares	112,057
July 30, 2010	Morgan Stanley & Co. International plc	Sell	0.7700	-38045 Ordinary Shares	(38,045)
July 30, 2010	Morgan Stanley Australia Securities Limited	Buy	0.7552	65113 Ordinary Shares	65,113
July 30, 2010	Morgan Stanley Australia Securities Limited	Sell	0.7557	-854182 Ordinary Shares	(854,182)
July 30, 2010	Morgan Stanley Investment Advisors Inc.	Buy	0.7702	6831 Ordinary Shares	6,831
July 30, 2010	Morgan Stanley Investment Management Inc.	Buy	0.7702	382029 Ordinary Shares	382,029
August 2, 2010	Morgan Stanley & Co. International plc	Buy	0.7800	14625 Ordinary Shares	14,625
August 2, 2010	Morgan Stanley & Co. International plc	Buy	0.7600	76776 Ordinary Shares	76,776
August 2, 2010	Morgan Stanley & Co. International plc	Sell	0.7976	-218949 Ordinary Shares	(218,949)
August 2, 2010	Morgan Stanley Australia Securities Limited	Buy	0.7817	52806 Ordinary Shares	52,806
August 2, 2010	Morgan Stanley Investment Advisors Inc.	Buy	0.7934	5252 Ordinary Shares	5,252
August 2, 2010	Morgan Stanley Investment Management Inc.	Buy	0.7934	293748 Ordinary Shares	293,748
August 3, 2010	Morgan Stanley & Co. International plc	Sell	0.8222	-21937 Ordinary Shares	(21,937)
August 3, 2010	Morgan Stanley Australia Securities Limited	Buy	0.8240	4387627 Ordinary Shares	4,387,627
August 3, 2010	Morgan Stanley Investment Advisors Inc.	Buy	0.8242	10540 Ordinary Shares	10,540
August 3, 2010	Morgan Stanley Investment Management Inc.	Buy	0.8242	589460 Ordinary Shares	589,460
August 4, 2010	Morgan Stanley & Co. International plc	Buy	0.8268	250000 Ordinary Shares	250,000
August 4, 2010	Morgan Stanley & Co. International plc	Buy	0.8230	20049 Ordinary Shares	20,049
August 4, 2010	Morgan Stanley & Co. International plc	Sell	0.8201	-228964 Ordinary Shares	(228,964)
August 4, 2010	Morgan Stanley Australia Securities Limited	Buy	0.8244	4167562 Ordinary Shares	4,167,562
August 4, 2010	Morgan Stanley Investment Advisors Inc.	Buy	0.8222	1777875 Ordinary Shares	1,777,875
August 4, 2010	Morgan Stanley Investment Management Inc.	Buy	0.8222	3935137 Ordinary Shares	3,935,137

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Morgan Stanley Co. Incorporated	HSBC Custody Nominees (Australia) Limited	Not Applicable	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of stock borrowing businesses.	840,791 Ordinary Shares	840,791
Morgan Stanley & Co. International plc	HSBC Custody Nominees (Australia) Limited	Not Applicable	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of sales and trading and stock borrowing	57,655,131 Ordinary Shares	57,655,131
Morgan Stanley & Co. International plc	HSBC Custody Nominees (Australia) Limited	Not Applicable	Shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	1,007,312 Ordinary Shares	1,007,312
Morgan Stanley Australia Securities Limited	Morgan Stanley Australia Securities (Nominee) Pty Limited	Not Applicable	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of sales and trading businesses.	8,068,108 Ordinary Shares	8,068,108
Morgan Stanley Investment Management Limited	HSBC Custody Nominees (Australia) Limited	Not Applicable	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of investment management business	335,239 Ordinary Shares	335,239
Morgan Stanley Investment Management Inc.	HSBC Custody Nominees (Australia) Limited	Not Applicable	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of investment management business.	8,969,302 Ordinary Shares	8,969,302
Morgan Stanley Investment Management Inc.	DBS Nominees (Private) Limited	Not Applicable	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of investment management business.	4,641,991 Ordinary Shares	4,641,991
Morgan Stanley Investment Management Inc.	JPMorgan Chase Bank, N.A., Sydney	Not Applicable	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of investment management business.	25,463,453 Ordinary Shares	25,463,453
Morgan Stanley Investment Management Inc.	To be confirmed	Not Applicable	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of investment management business.	281,348 Ordinary Shares	281,348
Morgan Stanley Investment Advisors Inc	HSBC Custody Nominees (Australia) Limited	Not Applicable	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of investment management business.	676,904 Ordinary Shares	676,904
Morgan Stanley Investment Advisors Inc	To be confirmed	Not Applicable	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of investment management business.	1,714,055 Ordinary Shares	1,714,055
Morgan Stanley Smith Barney LLC	Citi Global Market Inc.	Not Applicable	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of sales and trading.	162,250 Ordinary Shares	162,250
Morgan Stanley Smith Barney LLC	DTC through Morgan Stanley	Not Applicable	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of sales and trading.	10,190 Ordinary Shares	10,190

5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N.A	N.A

6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Morgan Stanley Co. Incorporated	1585 Broadway New York, NY 10036, United States
Morgan Stanley & Co. International plc	25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom
Morgan Stanley Investment Management Limited	25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom
Morgan Stanley Investment Management Inc.	522 Fifth Avenue, New York, NY 10036, United States
Morgan Stanley Australia Securities Limited	Level 39 Chifley Tower, 2 Chifley Square, Sydney NSW 2000, Australia
Morgan Stanley Investment Advisors Inc	522 Fifth Avenue, New York, NY 10036, United States
Morgan Stanley Smith Barney LLC	1585 Broadway, New York, NY 10036, United States

Signature

print name May Wong

capacity Vice President

sign here



date Aug 6, 2010

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
 - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included on any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

GUIDE

This guide does not form part of the prescribed form and is included by ASIC to assist you in completing and lodging form 604.

Signature	This form must be signed by either a director or a secretary of the substantial holder.
Lodging period	Nil
Lodging Fee	Nil
Other forms to be completed	Nil
Additional information	<p>(a) If additional space is required to complete a question, the information may be included on a separate piece of paper annexed to the form.</p> <p>(b) This notice must be given to a listed company, or the responsible entity for a listed managed investment scheme. A copy of this notice must also be given to each relevant securities exchange.</p> <p>(c) The person must give a copy of this notice:</p> <ul style="list-style-type: none">(i) within 2 business days after they become aware of the information; or(ii) by 9.30 am on the next trading day of the relevant securities exchange after they become aware of the information if:<ul style="list-style-type: none">(A) a takeover bid is made for voting shares in the company or voting interests in the scheme; and(B) the person becomes aware of the information during the bid period.
Annexures	<p>To make any annexure conform to the regulations, you must</p> <ol style="list-style-type: none">1 use A4 size paper of white or light pastel colour with a margin of at least 10mm on all sides2 show the corporation name and A.C.N or ARBN3 number the pages consecutively4 print or type in BLOCK letters in dark blue or black ink so that the document is clearly legible when photocopied5 identify the annexure with a mark such as A, B, C, etc6 endorse the annexure with the words: <i>This is annexure (mark) of (number) pages referred to in form (form number and title)</i>7 sign and date the annexure. <p>The annexure must be signed by the same person(s) who signed the form.</p>

Morgan Stanley

Morgan Stanley & Co. International plc ("MSI plc") – Extract of International Prime Brokerage Agreement

A.3. Rights and Obligations in Respect of Investments

A.3.1. Corporate Actions:

- (i) Where MSI plc is notified that a Corporate Action may be exercised in relation to an Investment credited to a Prime Brokerage Account and registered in the name of an Associated Firm, a sub-custodian appointed by MSI plc or its or such sub-custodian's nominee, it will use reasonable efforts to notify the Client as soon as practicable of such Corporate Action.
- (ii) If the Client wishes to exercise a right relating to a Corporate Action in relation to an Investment credited to a Prime Brokerage Account, it must notify MSI plc in writing of its election as soon as possible, but in any event no later than the expiry of Morgan Stanley's deadline for submissions of elections relating to that Corporate Action as advised to the Client by MSI plc or, where no deadline is advised, no later than 10 Notice Business Days prior to the final date for submission by MSI plc of such elections (or such shorter period as may be agreed in writing). MSI plc will use reasonable efforts to exercise such right, but only (a) on such terms as the Client has notified to MSI plc in writing and as are acceptable to MSI plc, and (b) where the Client has provided MSI plc or any other person (as the case may be) with any funds required to exercise such right.
- (iii) MSI plc will use reasonable efforts to send the Client Corporate Action Information. This will have been sent to MSI plc from a sub-custodian or agent bank for forwarding to shareholders whose shares are held in custody by MSI plc. No representation or warranty, express or implied, is or will be made by MSI plc in relation to the accuracy or completeness of the Corporate Action Information or any other written or oral information made available to the Client or its advisers in connection with the proposed Corporate Action and no responsibility or liability is or will be accepted by Morgan Stanley in relation to it. The Client should make its own investigation of the proposed Corporate Action and all information provided.
- (iv) The distribution of the Corporate Action Information in certain jurisdictions may be restricted by law in the jurisdiction in which the Client resides or conducts business. Any request for MSI plc to exercise or participate on behalf of the Client in the proposed Corporate Action shall be a representation to Morgan Stanley that the Client is entitled to so exercise or participate and that any and all restrictions or qualifications have been complied with. By accepting and executing such request on behalf of the Client, MSI plc is not making any representation or warranty about the Client's eligibility to so exercise or participate in any such action.

A.3.5. Voting Rights: Where MSI plc is notified that voting rights may be exercised in relation to an Investment credited to a Prime Brokerage Account and registered in the name of a Morgan Stanley Company, a sub-custodian appointed by MSI plc or its or such sub-custodian's nominee, it will use reasonable efforts to notify the Client as soon as practicable of

such voting rights. MSI plc will only exercise voting rights in respect of the Client's Investments held in the Prime Brokerage Account and registered in the name of a Morgan Stanley Company, a sub-custodian appointed by Morgan Stanley or that of its or such sub-custodian's nominee, where expressly agreed with the Client.

B.2. Terms of Settlement Facility

- (vii) **Corporate Actions:** Where, prior to delivery of any Equivalent Securities to MSI plc:
 - (a) any voting rights relating to any Settlement Securities the subject of a Settlement Facility become exercisable, then the Client will, where it holds securities of the same description as any made available to it under the Settlement Facility, exercise any such rights in accordance with MSI plc's instructions; and
 - (b) any rights relating to a Corporate Action, including those requiring election arise in respect of any Settlement Securities the subject of a Settlement Facility, then the Client will deliver to MSI plc Equivalent Securities in such form as MSI plc has notified to the Client in relation to the exercise of any such right.

I.1. Use of Investments

- (i) The Client hereby authorises any Morgan Stanley Company at any time or times to borrow, lend, charge, rehypothecate, dispose of or otherwise use for its own purposes any Investments which are for the time being subject to the Security without giving notice of such borrowing, lending, charge, rehypothecation, disposal or other use to the Client. Such Morgan Stanley Company may retain for its own account all fees, profits and other benefits received in connection with any such borrowing, loan or use. Upon (i) a borrowing, lending or other use, such Investments will become the absolute property of that Morgan Stanley Company (or that of its transferee) free from the Security and from any equity, right, title or interest of the Client's and (ii) a charge or rehypothecation of any of the Client's Investments, all of those Investments, including the Client's interest in those Investments, will be subject to the charge or other security interest created by such charge or rehypothecation. Upon any such use, the Client will have a right against MSI plc for the delivery of Equivalent Investments in accordance with paragraph I.2.
- (ii) Where a Morgan Stanley Company borrows, lends or otherwise uses Hong Kong Securities any such borrowing, lending or use shall be effected by way of a loan of the relevant securities by the Client to the Morgan Stanley Company under the OSLA (as defined in paragraph B.1.1. above). The Morgan Stanley Company shall not be required to issue a Borrowing Request (as defined in the OSLA) in respect of any such loan made.