

# LYSANDER MINERALS CORPORATION

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## LETTER TO SHAREHOLDERS

Dear Shareholders,

The Company continues its focus on energy and coal.

Based on the approvals received at the Annual and Special Meeting of Shareholders held on September 30, 2009, the Company has initiated exercises of options to acquire, in total, 100% of the Verticalnaya anthracite mine in Ukraine.

Rarely does a junior company have the opportunity to acquire and commence a project of the quality of Verticalnaya – one that is established, has a development plan and is permitted. Establishing production often takes very many years.

The economics are compelling. Please refer to the September 2008 technical report filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and the Company's web site ([www.lysanderminerals.com](http://www.lysanderminerals.com)). The Net Present Value (NPV), discounted at 12%, is projected to be US\$352 million. With an estimated US\$31/tonne operating cash cost, the Verticalnaya mine should continue to be viable and attractive even in the event of future market downturns similar to what we have experienced in 2008-2009.

The Verticalnaya mine will produce anthracite for industrial, chemical, other commercial and power plant uses. Some 23.5% of production is targeted as PCI coal for use in steel furnaces.

Ukraine's industry and power stations, including the industrial complex around Donetsk, near to the mine comprises a major market. Rail transportation to Black Sea ports will provide export opportunities.

To reduce the time until the first longwall production, the Company has developed plans for a Verticalnaya North satellite project that we anticipate will allow production from the first long wall within 18 months of the start of construction. This compares with 33 months for the main project.

There is **further potential** within Ukraine and its coal sector. We **are currently examining and evaluating additional opportunities**.

**In summary, the project economics are robust, further attractive opportunities are in prospect and the principal hurdle facing us is the raising of finance.** We are pleased that GMP Securities LP has assisted in our recent \$3 million financing and we look forward to working with them as we move toward the next, more substantial financing phase.

In the more traditional mineral exploration business for copper and gold in British Columbia, the Company continues to hold the Pinchi and Osilinka/CAT properties. At the Pinchi property, a low cost induced polarization program conducted by the Company in 2008 identified various anomalies. We are pleased to have entered into an arrangement with Amarc Resources, a Hunter Dickinson managed company. By spending over \$7 million, Amarc may acquire a 75% interest in the Pinchi property. An exploration program, including preliminary drill holes was conducted late in the 2009 season.

Our aim is to make Lysander exciting and rewarding for shareholders. It is already on the way there.

*Bryce M.A. Porter*

President and Chief Executive Officer