

6 February 2008

\$106 Million 8.25% 2013 Secured Convertible Note Facility Fully Subscribed

The Board of Lynas Corporation Limited ("Lynas") (ASX code LYC) is pleased to announce that Subscription Agreements have been executed by Liberty Harbor, a Goldman Sachs Asset Management (GSAM) fund and other clients of Patersons Securities Limited in respect of the convertible note facility announced by the Board of Lynas on 22 November 2007.

The aggregate principal amount of USD 95 million (AUD 106 million) is to be issued in convertible bonds on the scheduled closing date of approximately 12 February 2008, subject to customary closing conditions. The bonds are convertible into fully paid ordinary shares of Lynas subject to and in accordance with the terms and conditions of the convertible bonds. The full terms and conditions of the convertible note shall be released upon closing.

The key terms of the convertible bonds are as follows;

- Face value of USD 95 million (AUD 106 million)
- Interest coupon of 8.25% p.a.
- Conversion price of AUD 1.51 (AUD 1.16 x 130%) per ordinary Lynas share (USD1.36 at fixed USD/AUD 0.9013) (Subject to standard anti dilution provisions and a proportional reduction for subsequent equity issued below AUD 1.16 where the issue is for the purpose of achieving the full funding for the Advanced Material Project.)
- 5 year maturity with an option for Lynas to extend for an additional year
- Ability to pay interest through the issuance of additional notes or ordinary shares
- Second ranking security behind the proposed senior loan bank debt facility and secured against the assets of the Advanced Material Project.

Subject to certain conditions the early redemption of the notes can be requested by Lynas following the second anniversary of the issuance of the notes should the Lynas share price for a period of twenty consecutive trading days trade above 160% of the conversion price of the convertible note then in effect.

Proceeds from the offering will be used for the development of the company's Advanced Materials Project, specifically the mine and Concentration Plant at Mount Weld in Western Australia and Advanced Material Plant in Malaysia.

About Lynas Corporation

Lynas owns the richest deposit of Rare Earths, also known as Lanthanides, in the world at Mount Weld, near Laverton in Western Australia. This deposit underpins Lynas' strategy to create a reliable, fully integrated source of Rare Earths supply from the mine through to customers in the global Rare Earths industry.

The mining contractor has commenced mining with first ore placed on the stockpiles in December 2007. Lynas is in the detailed design phase of an Advanced Materials Plant to be established by Lynas Malaysia Sdn Bhd in the Gebeng Industrial Estate, Kuantan, Pahang, Malaysia. The company plans to become the benchmark for security of supply and a world leader in quality and environmental responsibility to an international customer base.

'Rare Earths' is the term given to fifteen metallic elements known as the lanthanide series, plus yttrium. They play a key role in green environmental products, from energy efficient compact fluorescent light bulbs (CFLs) to hybrid cars, automotive catalytic converters and wind turbine generators. They are also essential in the development and manufacturing of many modern technological products, from hard disc drives to flat panel displays, iPods and magnetic resonance imaging (MRI) scans.

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