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RESTRUCTURE OF ASHTON CONTINGENT DEBT AND ROYALTY

The Directors of Lynas Corporation Ltd (ASX code LYC, "Lynas") are pleased to announce that agreement has been reached with Ashton Mining Limited and Ashton Mining (WA) Pty Limited ("Ashton" - both wholly owned subsidiaries of Rio Tinto Limited) to restructure the Mt Weld Project - Ashton Contingent Debt and Royalty.

Original Agreement

The Ashton Contingent Debt and Royalty obligations arose in November 2000 as part of the consideration for the purchase from Ashton for the Mt Weld tenements, and were embodied within an agreement known as the Restated Project Agreement. The key terms of that agreement were that Lynas was liable to pay to Ashton an amount of $7.5 million (CPI Indexed from 31 December 2000) (Contingent Debt) on the occurrence of, amongst other things, either the draw down of financing for the development of the Mt Weld project, or on the commencement of mining on the Mt Weld tenements.

Payment of the Contingent Debt is secured by a first ranking mortgage over tenements M38/58, M38/59 and M38/326, as well as mortgages over the issued shares in the wholly owned subsidiaries Mt Weld Rare Earths Pty Ltd and Mt Weld Mining Pty Ltd.

As discussed in the 2005 Annual Report, Lynas needed to meet this commitment by 31 December 2006 otherwise Ashton had the right to "claw back" 51% (or, depending on the circumstances, 100%) of the equity in the Mt Weld Rare Earths Project. If the commitment had not been met by 31 December 2007 up to 100% of the other areas of the Mt Weld tenements held by Lynas could have been transferred to Ashton.

In addition, a Royalty capped at $10.7 million (CPI Indexed from 31 December 2000) was payable to Ashton at the rate of 1% on all Rare Earths and other minerals sales revenues from the Mt Weld tenements.

Restructured Agreement

Lynas and Ashton entered into negotiations to restructure this agreement in December 2005, and have now signed a new agreement which restructures arrangements relating to the Ashton Contingent Debt and Royalty (the ***Agreement***).

The terms of the restructure under the Agreement are that Lynas assumes an obligation to pay Ashton an amount equivalent to the Contingent Debt in a schedule of payments over the next three years: $3 million on signing of the agreement, $1 million by December 2006, $1 million by December 2007 and a final payment of approximately $3.6 million (subject to CPI indexation on the outstanding amount) by December 2008. Any outstanding balance is, in addition, subject to early repayment within 15 business days of the occurrence of certain events specified in the Agreement, key amongst which are the following:

a) a capital raising occurs for the development of the Mt Weld tenements;

b) mining commences on the Mt Weld tenements; or

c) an event of default occurs.

In return for Lynas agreeing to and complying with this payment schedule, Ashton has suspended its claw back rights and the royalty obligations. These rights will terminate completely on payment of the final instalment referred to above.

About Lynas Corporation

Lynas owns the richest deposit of Rare Earths in the world at Mount Weld, 35km south of Laverton in Western Australia. A feasibility study has been completed on the Rare Earths deposit and all Australian and Chinese approvals required for project development have been received. Lynas has a strategy of creating a reliable, fully integrated source of supply from mine through to customers, and to become the benchmark for security of supply and environmental standards in the global Rare Earths industry.

Lynas' Mt Weld tenement also has a JORC compliant poly-metallic resource known as the "Crown" deposit. This is a titanium and niobium-rich rare metals resource that is a separate deposit to the Mount Weld Rare Earths deposit.

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