

10 January 2008

USD 95 Million Convertible Note Facility Update

The Board of Lynas Corporation Limited ("Lynas") (ASX code LYC) wishes to inform the market that due to volatile financial market conditions the strike price of the convertible note facility offered by Liberty Harbor, a Goldman Sachs Asset Management (GSAM) fund and another client of Patersons Securities Limited, and being lead managed by Patersons Securities Limited, shall be reset.

The conversion price of the convertible note shall be reset to a 30% premium to the 10 day volume weighted average share price of Lynas as traded on the Australian Stock Exchange for the 10 days prior to signing the subscription agreement, subject to a maximum conversion price of AUD 1.55. The conversion price will be set in U.S. dollars based on the spot price for the U.S. dollar/Australian dollar exchange rate on the day the subscription agreement is signed.

The facility is subordinated to senior bank debt and secured against the assets of the company.

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.

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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