

8 April 2004

**Lynas Corporation Ltd**

**ASX Announcement**

The Board of Lynas Corporation ("Lynas") has been informed of a settlement reached on Tuesday 6 April 2004 of the legal proceedings instituted in the Supreme Court of Western Australia, by Hamersley Iron Pty Ltd (Hamersley), as Plaintiff against CMIEC Australia, CMIEC Channar, CMIEC China and CSG China (collectively CSG), as Defendants. The settlement involves the granting of a permanent undertaking by CSG not to divulge any confidential information regarding the Channar Project to Lynas.

Given this settlement and Hamersley's strong objection to Lynas's involvement in the Channar project, (as expressed in a letter dated 4 December 2003, announced to the market on 22 December 2003), Lynas now feels that the transaction as contemplated under the original binding Heads of Agreement with CSG dated 12 August 2003 will not be able to be completed.

It must be noted that this settlement had not been discussed with Lynas ahead of its signing and in no way reflects Lynas's acceptance of this position. Lynas believes that CSG has, by agreeing to this settlement, breached the terms of its binding Heads of Agreement with Lynas. Lynas will now seek Senior Counsel's advice on its legal options with respect to this breach, in particular the status of the convertible notes issued to CSG as part consideration for performance of its obligations under the Heads of Agreement.

Lynas continues to remain very confident about the future of its principal activity, the development of an integrated, and globally significant rare earths business based on the rich resources at Mt Weld. Given the strong recent rise in rare earths prices and the positive results of the recently completed rare earths project study, Directors feel that the non-completion of the Channar transaction does not diminish the long-term value of the company.

The forthcoming quarterly report will update shareholders more fully on the rare earths project.