



ACN 009 066 648

NOTICE OF ANNUAL GENERAL MEETING

**To be held on Tuesday 27 November 2007 at 9.00 am (AEST)
at the Radisson Plaza Hotel
27 O'Connell Street, Sydney, NSW**

*This is an important document. Please read it carefully.
If you are unable to attend the Annual General Meeting, please complete the Proxy Form
enclosed at the back of this document and return it in accordance with the instructions.*

LYNAS CORPORATION LIMITED
ACN 009 066 648
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2007 Annual General Meeting of shareholders of Lynas Corporation Limited ("Company") will be at the Radisson Plaza Hotel, 27 O'Connell Street, Sydney, NSW on 27 November 2007 at 9.00 am (AEST) for the purpose of transacting the following Business.

ORDINARY BUSINESS

2007 Financial Statements

To receive and consider the financial statements of the Company for the year ended 30 June 2007, consisting of the Annual Financial Report, the Directors' Report and Auditor's Report.

Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That the Remuneration Report of the Company for the year ended 30 June 2007 be adopted."

Pursuant to section 250R(3) of the *Corporations Act 2001*, the vote on this resolution is advisory only and it does not bind the directors or the Company.

Resolution 2 – Election of Jacob Klein as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Jacob Klein having retired as a director of the Company pursuant to Article 13.2 of the Company's Constitution and, being eligible, having offered himself for re-election be appointed as a director of the Company."

Pursuant to article 13.2 of the Company's Constitution, one-third of the directors of the Company (other than the managing director), or if their number is not a multiple of 3, then such number as is appropriate to ensure that no director other than alternate directors and the managing director holds office for more than 3 years, must retire at each Annual General Meeting and being eligible may offer themselves for re-election.

Resolution 3 – Approval of August 2007 Placement

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purpose of Listing Rule 7.4 of Australian Stock Exchange Limited, the issue and allotment of 52,173,914 ordinary shares in the Company at a price of \$1.15 per share to clients of Austock Corporate Finance Limited and Patersons Securities Limited is hereby approved.

The Company will disregard any votes on this resolution by any members who received shares under this placement and their associates. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

Resolution 4 – Issue of Options to Executive Director – Nicholas Curtis

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That pursuant to and in accordance with section 208 of the Corporations Act 2001 (Cth) and Listing Rule 10.14 of Australian Stock Exchange Limited, and for all other purposes, the Company approves and authorises the Directors of the Company to grant to Nicholas Curtis Options to subscribe for 5,000,000 fully paid ordinary shares in the capital of the Company at an exercise price of \$1.20 per share exercisable on or before 25 June 2012 on the terms set out in the attached Explanatory Memorandum and otherwise in accordance with the Rules of Lynas Corporation Limited (ACN 009 066 648) 1999 Option Incentive Plan."

The Company will disregard any votes cast on this resolution by a Director and any associate of a Director. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

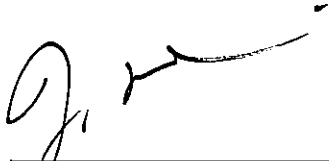
The value of each Option to be granted to the abovementioned director as calculated by the Company and its advisers using the Black & Scholes valuation model is \$0.635.

Entitlements to Vote

A Proxy Form is enclosed with this Notice

For the purposes of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and holder of shares if that person is registered as a holder of those shares at 9.00 am on 25 November 2007.

By order of the Board

A handwritten signature in black ink, appearing to be 'J. Klein', written over a horizontal line.

J. Klein
Director

Date: 4 October 2007

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders in Lynas Corporation Limited ACN 009 066 648 ("**Company**") with sufficient information to assess the merits of the Resolutions contained in the Notice of Annual General Meeting of the Company.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to the above Resolutions.

The following information should be noted in respect of the various matters contained in the Notice of Annual General Meeting:

RESOLUTION 1 – REMUNERATION REPORT

The Remuneration Report for the year ended 30 June 2007 is set out in the Directors' Report on pages 21 to 34 of the Annual Report.

The Remuneration Report:

- Explains the Board's policies relating to remuneration of directors, secretaries and executives of the Company;
- Discusses the relationship between such policies and the Company's performance;
- Provides details of any performance conditions attached to such remuneration; and
- Sets out remuneration details for each director and certain named executives.

The Board submits the Remuneration Report to shareholders for consideration and adoption by way of a non-binding resolution as required by the Corporations Act.

RESOLUTION 2 – ELECTION OF JACOB KLEIN AS A DIRECTOR

In accordance with the commentary and guidance to Recommendation 2.4 of the ASX Corporate Governance Principles, the Company provides the following information concerning Mr Klein:

Biographical details

Mr Klein has over 15 years experience in senior finance and managerial positions in both South Africa and Australia. He joined Macquarie Bank in 1991 and in 1995, as an associate director at Macquarie, he participated in the formation of Asia Resource Capital Limited, a joint venture between Macquarie Bank and CNNC. From 1996 to June 2000 he worked for Sino Mining International. Mr Klein is CEO of Sino Gold Mining Limited. During the past three years the only other listed company directorship held by Mr Klein was in Sino Gold Mining Limited.

Details of relationships between the Candidate and the Company

Mr. Klein is a non-executive Director of the Company

Details of relationships between the Candidate and Directors of the Company

Not applicable

Directorships held

Sino Gold Mining Limited

The term of office already served by Mr Klein

Mr. Klein joined the Board on 25 August 2004.

RESOLUTION 3 – APPROVAL OF AUGUST 2007 PLACEMENT

Listing Rule 7.4 provides that an issue of securities by a listed company made without prior approval may be subsequently approved by the members if the issue did not breach Listing Rule 7.1

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of issue, with some exceptions.

The Company now seeks shareholder approval of the placement in August 2007 of 52,173,914 ordinary shares in the Company at a price of \$1.15 per share to clients of Austock Corporate Finance Limited and Patersons Securities Limited.

The following information is provided to shareholders for the purpose of Listing Rule 7.5:

Number of securities issued

The placement was for 52,173,914 ordinary shares.

Price of issue

The shares were issued for A\$1.15 each and a total value of A\$60 million.

The names of the allottees

Listing Rule 7.5.4 permits a description of the basis on which the allottees will be identified or selected. The allottees were existing clients of Austock Corporate Finance Limited and Patersons Securities Limited.

The terms of the securities

The securities are fully paid ordinary shares in the capital of the Company.

The intended use of the funds raised

On completion, this raising provided the Company with a cash balance of approximately A\$115 million. In addition, the Company has arranged a convertible note facility with Indus Capital Partners LLC for \$80 million, a standby credit facility with Indus Capital Partners LLC for \$35 million and a US\$105 million bank debt facility underwritten by BayerischeHypo- und Vereinsbank AG

Once this financing is completed, funding will be in place for the development of the company's Rare Earths Project including the capital and all project costs for the development of the mine at Mt Weld, the processing plant in Malaysia, contingencies, working capital requirements and corporate costs. The entire A\$60 million raised from the placement will be applied to the development of the processing plant in Malaysia

RESOLUTION 4 – ISSUE OF OPTIONS TO EXECUTIVE DIRECTOR – NICHOLAS CURTIS

The Company proposes to issue 5,000,000 Options to its Executive Director, Nicholas Curtis under the terms and conditions of the Lynas Corporation Limited (ACN 009 066 648) 1999 Option Incentive Plan ("Plan") as set out in Annexure A.

Listing Rule 10.14

Listing Rule 10.14 states that a company must not permit a Director or an associate of a Director to acquire securities under an employee incentive scheme without the approval of ordinary shareholders.

The following information is provided to shareholders for the purpose of Listing Rule 10.15:

- (a) the Options will be issued to Nicholas Curtis, who is an executive director ("Participating Director");
- (b) the maximum number of Options to be granted under Resolution 4 is 5,000,000;
- (c) the Options will be granted as employee incentive options and accordingly the Options will be issued for nil consideration. The exercise price of the Options will be A\$1.20 per share exercisable on or before 25 June 2012;
- (d) the value of the Options to be granted as calculated by the Company and its advisers, Austock Corporate Finance Limited, using the above assumptions and the Black & Scholes valuation model is A\$0.635 per Option (details of the calculation of this valuation are set out below);
- (e) no person referred to in Listing Rule 10.14 (which includes all Directors of the Company) has received securities under the Plan since the adoption of the Plan without the approval of holders of ordinary

securities;

- (f) the name of the person referred to in Listing Rule 10.14 who is entitled to participate in the Plan is Nicholas Curtis;
- (g) no loan is granted in relation to the acquisition of Options by the Director;
- (h) the Options will be issued no later than 12 months after the date of this Annual General meeting;
- (i) the Options will be issued to the Participating Director for no consideration;

Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each of the Directors of the Company are considered to be related parties of the Company.

Resolution 4 provides for the grant of Options to a Director of the Company, which is a financial benefit that requires shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

The related parties to whom the proposed resolutions would permit the financial benefit to be given
Nicholas Curtis.

The nature of the financial benefit

The proposed financial benefit to be given is the grant of Options for no consideration. The terms and conditions of the Options to be granted are set out in Annexure A to this Explanatory Memorandum. The Options cannot be sold, transferred, assigned or otherwise disposed of except with the approval of the Board of Directors.

Directors' recommendation

All the Directors were available to consider the proposed Resolution 4.

Section 195 of the *Corporations Act* provides, in essence, that a Director of a public company may not vote or be present during meetings of Directors when matters in which that Director holds a "material personal interest" are being considered.

The Participating Director has an interest in the outcome of the proposed resolution because he will be issued Options in accordance with the proposed resolution. Accordingly, the Participating Director is unable to make a recommendation to shareholders concerning the proposed resolution 4.

The other Directors of the Company (**Non-Participating Directors**) being Jacob Klein and David Davidson do not have an interest in the outcome of the proposed resolution and consider themselves justified in making a recommendation to shareholders concerning the proposed resolution 4. Each of the Non-Participating Directors considers that the proposed Resolution 4 is in the best interests of the Company and its shareholders. It is important that the remuneration of the Directors is linked to the medium term and long term strategies of the Company. Proposed Resolution 4 will provide Mr Curtis with additional incentives to successfully implement the Company's strategies.

Therefore, each Non-Participating Director recommends that shareholders vote in favour of Resolution 6.

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

The proposed Resolution 4 would have the effect of giving power to the Directors to grant 5,000,000 Options on the terms and conditions as set out in Annexure A and as otherwise mentioned above. The Company presently has on issue 560,280,403 ordinary shares and 28,744,000 unlisted Options.

If any Options granted as proposed above are exercised the effect would be to dilute the share holding of existing shareholders. The market price of the Company's shares during the period of the Options will normally determine whether or not Option holders exercise the Options. At the time any Options are exercised and shares are issued pursuant to the exercise of the Options, the Company's ordinary shares may be trading at a price which is higher than the exercise price of the Options.

The highest price of fully paid ordinary shares in the Company trading on ASX during the past 12 months was A\$1.595 which occurred on 10 July 2007 and the lowest price of shares in the Company trading on ASX during

the past 12 months was A\$0.31 which occurred on 9 October 2006. The most recent closing price of shares in the Company trading on the ASX prior to the date of this Explanatory Memorandum was A\$1.285 which occurred on 3 October 2007.

The other remuneration currently being received by the proposed recipient of the options is set out in Note 27 on pages 66 to 68 of the enclosed 2007 Annual Report of the Company.

The shares and options currently held by the proposed recipient of the options are set out in Note 27 on pages 66 to 68 of the enclosed 2007 Annual Report of the Company.

The shares and options currently held by the proposed recipient of the options are set out below:

| | Ordinary Shares | Employee Options |
|-----------------|----------------------------|-----------------------------|
| Nicholas Curtis | 25,656,478 | 5,000,000 |

These numbers of options were chosen by the Company's Remuneration Committee in order to provide the Executive Director with an appropriate mix of cash remuneration and remuneration by way of Options. The Options component of the remuneration provides a link to the medium term and long term strategies of growing the Company for the benefit of all shareholders.

It is not considered that from an economic and commercial point of view there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits forgone by the Company resulting from the issue of the Options pursuant to Resolution 4.

Valuation of Options

The Directors, in conjunction with the Company's advisers, have determined the value of the Options using the Black & Scholes model for pricing of financial options. The Black & Scholes valuation model uses five inputs: time to expiration, strike price, value of the underlying financial instrument, implied volatility and the risk free interest rate. In assessing the implied volatility, the Company's advisers have reviewed the movements in the Company's daily closing Share Price from 1 July 2006 to 25 June 2007.

The Company proposes to issue the Options effective 25 June 2007 (subject to shareholder and board approval), in accordance with the Company's usual remuneration practices, because the Options relate to the remuneration period ending 30 June 2007. Initial board approval of the grant of the options (subject to applicable shareholder and regulatory approvals) occurred on 25 June 2007 and accordingly the options have been valued at that date.

On the days where the Share has not traded the previous day's closing price has been used. The resulting volatility figure is historical and this has been used as a guide to estimating Implied Volatility. The volatility figure has been discounted to take into account the fact that the Options are only exercisable during the period between 3 years and 5 years after the date of grant of the Option. It should be noted that volatility is a subjective input into the calculation of financial options using the Black & Scholes method.

Using this method of valuation Austock Corporate Finance Limited have determined a value of A\$0.635 for each of the Options to be granted to the Director in terms of the Plan. On the basis of this calculation, the total financial benefit to be given to the Director, if Resolution 4 is approved, would amount to A\$3,175,000

The assumptions used by the company and its advisers in calculating the value of the Options were as follows:

| | |
|-----------------------------|---------------------|
| Share Price at 25 June 2007 | A\$1.27 |
| Exercise Price | A\$1.20 |
| Volatility | 45% |
| Vesting date | 25 June 2010 |
| Expiry date | 25 June 2012 |
| Risk free rate | 6.35% |
| Dividends | Nil |

Apart from the information set out in this Explanatory Memorandum there is not any other information that is known to the Company or any of its directors that is reasonably required by shareholders to decide whether or not it is in the Company's interest to pass Resolution 4.

**LYNAS CORPORATION LIMITED
ACN 009 066 648
PROXY FORM**

The Company Secretary
Lynas Corporation Limited
C/- The Share Registry
770 Canning Highway
APPLECROSS WA 6153

Facsimile: +61 8 9315 2233

I/We (name of shareholder)
of (address)
being a member/members of Lynas Corporation Limited HEREBY APPOINT
(name)
of (address)

or failing that person then the Chairperson of the meeting as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held on 27 November 2007 and at any adjournment of the meeting.

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

I/We direct my/our Proxy to vote in the following manner:

| | For | Against | Abstain |
|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 – Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 – Election of Mr Jacob Klein | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 – Approval of August 2007 Placement | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 – Issue of options to Nicholas Curtis | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

In relation to undirected proxies, the Chairman intends to vote in favour of Resolutions 1 through to 4 (both inclusive).

If you wish to appoint the Chairman as your proxy and you do not wish to direct the Chairman how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

Shareholders are entitled to appoint up to 2 proxies (whether shareholders or not) to attend the Meeting and vote. If you wish to appoint 2 proxies, please obtain a second form by telephoning (02) 8259 7100. Both forms should be completed with the nominated number or percentage of your voting rights clearly printed on each form. If you do not specify a number or percentage of your voting rights, each proxy may exercise half of your voting rights. Please return both proxy forms together.

Dated

If the shareholder is an individual:

Signature: _____

If the shareholder is a company:

Affix common seal (if required by Constitution)

Director/Sole Director and Secretary

Director/Secretary

Print name

Print name

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by each of the joint shareholders, personally or by a duly authorised attorney.
3. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
4. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting **that is by 9.00am AEST on 25 November 2007** by post or facsimile to the respective addresses stipulated in this proxy form.
5. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
 - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.