

23 March 2009

MARKET UPDATE: SETTLEMENT WITH BONDHOLDERS

Further to its announcements dated 10 February 2009, 17 February 2009 and 3 March 2009, Lynas Corporation Limited ("Lynas", ASX:LYC) has agreed terms with all of its bondholders for settlement of all claims concerning the US\$95 million convertible bond facility.

The total amount in the escrow account will be disbursed as follows:

Bondholders:	US\$91,000,000
Lynas:	US\$4,886,763.49
Total:	US\$95,886,763.49

Settlement involves a release of all claims. Some settlements were completed on Friday evening and it is expected that the remaining settlements will occur early this week. The total potential claims against Lynas included the following approximate amounts:

Bond Principal:	US\$95,000,000
Accrued Interest:	US\$6,000,000
Costs:	US\$500,000
Total:	US\$101,500,000

Lynas asserted that the conditions to release of the US\$95 million escrowed funds to Lynas were satisfied prior to 31 January 2009. However, it became clear that the bondholders were not willing to agree to release the escrowed funds to Lynas.

The Supreme Court of New South Wales proceedings initiated by one bondholder whose bonds had a face amount of US\$15 million will be dismissed. Those proceedings were referred to in the Lynas announcement dated 3 March 2009. In addition, all of the convertible bonds will be cancelled.

Lynas decided that it was in the best interests of the company to settle all claims concerning the convertible bonds, rather than becoming involved in lengthy and costly litigation. Importantly, settlement will also lead to a release of the securities held over the project assets of the Lynas group, enabling Lynas to move forward with discussions concerning potential replacement financing.

The total cash at bank of Lynas as at 17 March 2009 (excluding the amount of US\$4,886,763.49 referred to above) was approximately A\$36,799,900.00. A significant portion of this amount is committed to suspension costs in respect of the project, as set out in the company's ASX announcement dated 17 February 2009.

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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.

Lynas suspended work on the Lynas Rare Earths project in February 2009. Lynas has received all environmental approvals to build a Concentration Plant at Mount Weld and an Advanced Materials Plant to process the Mount Weld concentrate through to final Rare Earths oxides 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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