

6 July 2007

**LYNAS SECURES OFFER FOR UP TO A\$115 MILLION CONVERTIBLE NOTE FUNDING TO ANCHOR CAPITAL REQUIREMENTS FOR MALAYSIAN PLANT**

The Directors of Lynas Corporation Limited ("Lynas") (ASX code LYC) are pleased to announce the acceptance of an offer to provide a convertible note facility for up to A\$115 million, which is subject to finalisation of definitive documents.

The facility will be provided by various private investment funds managed by Indus Capital Partners, LLC.

Lynas has 45 Days within which to nominate the final amount to be drawn down under the facility, (the **Principal Facility**) but must accept a minimum of A\$58.53 million. Lynas can elect to have any undrawn amount up to the total balance of A\$115 million available as a stand by facility (the **Stand By Facility**) for up to two years from the date of acceptance of the term sheet. The principal amount of the Stand By Facility cannot exceed 50% of the principal amount of the Principal Facility.

The key terms of the Convertible Notes under the Principal Facility include:

1. Subordinated debt with a 5 Year Term.
2. Conversion price of A\$1.55 into Lynas Fully Paid Ordinary Shares (Being a 34% premium to the 30 day VWAP)
3. 6.85 % Coupon paid quarterly in arrears with interest capitalised for the first two years.
4. Interest payable in cash or in equity at a 5% discount to the 30 day VWAP prior to the interest payment date, at Lynas' option.

This facility provides an anchor amount to ensure funding of the capital costs associated with the construction of the Malaysian processing plant. Lynas is currently in active discussions to secure senior bank debt to assist in funding the capital costs of the Malaysian processing plant.

Lynas will seek to raise the balance of the capital required in addition to any senior debt and the convertible note facility through the placement of securities on the Australian Securities Exchange.

The final combination of senior debt, convertible note, and equity will be determined by Directors taking into account prudent gearing ratios for the company and appropriate total dilution for existing shareholders.

Lynas Executive Chairman, Nicholas Curtis said:

“The facility from Indus provides the company with confidence that it will be available to construct an optimal funding package for the development of the Malaysian project. The company welcomes Indus’ support as a capital partner in the development of this exciting project. The market for Rare Earths is very strong and Lynas is now in an excellent position to develop a globally significant position as a key supplier in the Rare Earths industry.”

## About Lynas Corporation

Lynas is the world’s only viable producer and processor of Rare Earths outside of China. The company owns the richest deposit of Rare Earths in the world at Mt Weld, near Laverton in Western Australia. The contractor is currently on site and mining has commenced. Production of Rare Earths from Lynas’ Malaysian processing plant is scheduled to commence in the second half of late 2008.

‘Rare Earths’ is the term given to fifteen metallic elements known as the lanthanide series, plus yttrium. They are essential in the development and manufacturing of many modern technological products, from disc drives to flat panel displays, iPods and magnetic resonance imaging (MRI) scans. They also 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.

Lynas’ strategy is to create a reliable, fully integrated source of Rare Earths supply from the mine through to customers in the global Rare Earths industry. 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.

**For further information please contact Nicholas Curtis on +61 (0)2 8259 7100 or visit [www.lynascorp.com](http://www.lynascorp.com)**