

1 May 2007

LYNAS CONVERTS A\$35 MILLION CONVERTIBLE NOTES INTO EQUITY

The Directors of Lynas Corporation Limited (LYC) are pleased to advise that pursuant to the terms of the Convertible Notes issued on 11 August 2006 the company has exercised its right to convert the Notes into ordinary shares.

Mr Nicholas Curtis, Executive Chairman said "This is a significant milestone for the company and reduces the interest payable by more than \$12 Million over the proposed 5 year life of the notes. In addition the company is in a very strong financial position with no debt and approximately \$65 Million in cash."

Condition 14(a) of the Notes provides that LYC may require the conversion of all outstanding Notes into fully-paid ordinary shares in LYC ("Shares") at any time prior to redemption if, at any time prior to 12 months after the Issue Date, the Volume Weighted Average Price per Share ("VWAP") on the Australian Stock Exchange ("ASX") for any period of 30 consecutive calendar days exceeds A\$0.80. This condition was met on 30 April 2007 after the daily VWAP for the period 30 March 2007 to 30 April 2007 exceeded 80 cents ("Relevant Period").

During the Relevant Period, the lowest daily VWAP was \$A0.8419 which occurred on Friday 30 March 2007, and the highest daily VWAP was \$A1.1737 which occurred on Wednesday 18 April 2007.

Attached to this announcement is an Appendix 3B for the issue of 87,500,000 shares at the Conversion Price of A\$0.40 per Share which is equivalent to 2,500 shares per A\$1,000 Note. The total equity raised from the conversion is \$35 Million.

As part of the conversion LYC is required to publish a copy of the attached announcement or similar in the Asian Wall Street Journal prior to the conversion date.

About Lynas Corporation

Lynas owns the richest deposit of Rare Earths in the world at Mount Weld, Western Australia. The company's strategy is to create a reliable, fully integrated source of Rare Earths supply from mine through to customers in the global Rare Earths industry.

All Australian project and business approvals have been received for the development of the mine at Mount Weld. A processing facility for the Mount Weld ore is to be constructed on the east coast of Malaysia at Kemaman. Engineering design is underway for the plant to produce a suite of Rare Earths products for the global chemical companies that purchase Rare Earths to produce a wide range of products critical for the electronic and automotive industries. Lynas plans to become the benchmark for security of supply and world leader in quality and environmental responsibility to an international customer base.

For more information about the growing demand and applications of Rare Earths, including the role they play in reducing greenhouse gases, increasing energy efficiency and bringing colour and light to the many products we use every day please visit www.lynascorp.com .

For further details, please contact:

Nicholas Curtis
Executive Chairman
Lynas Corporation

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Or visit the Lynas Corporation website at www.lynascorp.com

LYNAS CORPORATION LIMITED ("Issuer")
ABN 27 009 066 648

A\$35,000,000
8.25 per cent Convertible Notes due 2011 ("Notes")
Issue Date: 11 August 2006

CONVERSION NOTICE (INITIATED BY THE ISSUER)

Condition 14(a) of the Notes provides that the Issuer may require the conversion of all outstanding Notes into fully-paid ordinary shares in the Issuer ("**Shares**") at any time prior to redemption if, at any time prior to 12 months after the Issue Date, the Volume Weighted Average Price per Share ("**VWAP**") on the Australian Stock Exchange ("**ASX**") for any period of 30 consecutive calendar days exceeds A\$0.80. To exercise this right, the Issuer must deposit at the Specified Office of the Registrar a copy of this notice. The Issuer must also cause a copy of this notice to be sent to the address of each Noteholder specified in the Register, after which the Notes will be converted in accordance with Condition 12.

In addition, the Issuer will cause a copy of this notice to be published in the Asian Wall Street Journal, in accordance with Condition 47.

The Issuer has calculated the daily VWAP for the period 30 March 2007 to 30 April 2007 ("**Relevant Period**"). During the Relevant Period, the lowest daily VWAP was \$A0.8419 which occurred on Friday 30 March 2007, and the highest daily VWAP was \$A1.1737 which occurred on Wednesday 18 April 2007. The Issuer hereby exercises its right under Condition 14(a) to convert the Notes into ordinary Shares.

Details of the Conversion are as follows:

Conversion Expenses: The Issuer will not require the Noteholders to pay any Conversion Expenses. A Noteholder remains liable for any stamp, issue, registration or other similar taxes and duties payable in the Noteholder's jurisdiction.

Conversion Date: The conversion date will be Friday 4 May 2007.

Conversion Price: The Conversion Price is A\$0.40 per Share which is equivalent to 2,500 shares per A\$1,000 Note.

Specified account: Any interest which has accrued on the Notes from and including the Interest Payment Date immediately preceding 4 May 2007 up to (but not including) 4 May 2007 shall be paid to the Noteholders in the same manner as payment of interest was made on the most recent occasion, unless previously advised otherwise by a Noteholder. Such interest will be paid no later than 14 days after 4 May 2007.

Uncertificated Shares: Shares to be issued on conversion of the Notes will be in uncertificated form. The Issuer, through its share registry, operates an issuer sponsored subregister. In addition, the Issuer participates in the security transfer system known as the Clearing House Electronic Subregister System (CHES). Noteholders who have elected to have their shareholding managed by a broker will have their holding recorded on the CHES subregister. All other Noteholders will have their holding recorded on the issuer sponsored subregister. Within 5 Sydney business days after the date of issue of their Shares, Noteholders on the issuer sponsored subregister will be sent a notice advising them of their Security Holder Reference Number (SRN) and the opening balance of their holding.

Nicholas Curtis, Executive Chairman, Lynas Corporation

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

LYNAS CORPORATION LTD

ABN

27 009 066 648

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|-----------------|
| 1 | +Class of +securities issued or to be issued | Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 87,500,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | N/A |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Rank equally with existing ordinary shares</p>				
<p>5 Issue price or consideration</p>	<p>\$35,000,000</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To be issued on the conversion of 35,000 convertible notes of A\$1,000 each at a conversion price of A\$0.40 per share.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>To be allotted on 4 May 2007</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1433 989 1478">Number</th> <th data-bbox="989 1433 1283 1478">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1478 989 1630">501,507,164</td> <td data-bbox="989 1478 1283 1630">Ordinary shares</td> </tr> </tbody> </table>	Number	+Class	501,507,164	Ordinary shares
Number	+Class				
501,507,164	Ordinary shares				

+ See chapter 19 for defined terms.

Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	Number	⁺ Class
	300,000	Employee Options exercisable at 30 cents issued pursuant to amended Option Incentive Plan exercisable on or before 26 November 2007
	1,220,000	Employee Options exercisable at 30 cents issued pursuant to amended Option Incentive Plan exercisable on or before 30 June 2008
	8,200,000	Employee Options exercisable at 30 cents issued pursuant to amended Option Incentive Plan exercisable on or before 30 June 2011
	50,000	Employee Options exercisable at 32 cents issued pursuant to Option Incentive Plan exercisable on or before 11 October 2011
	700,000	Employee Options exercisable at 36 cents on or before 11 October 2011 issued pursuant to Option Incentive Plan
	7,500,000	Options exercisable on or before 30 November 2007 issued pursuant to Lando Deed of Release
	4,833,325	Options exercisable at 20 cents on or before 31 December 2007
	35,000	Convertible Notes of \$1,000 each issued in August 2006
	5,100,000	Options exercisable at 17 cents on or before 11 August 2009
	100,000	Options exercisable at \$0.80 each on or before 12 March 2008

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

N/A

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 12 Is the issue renounceable or non-renounceable?
- 13 Ratio in which the +securities will be offered
- 14 +Class of +securities to which the offer relates
- 15 +Record date to determine entitlements
- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has +security holders who will not be sent new issue documents
Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations

+ See chapter 19 for defined terms.

20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	
25	If the issue is contingent on +security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

32 How do +security holders dispose of their entitlements (except by sale through a broker)?

33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

40 Do the +securities rank equally in all
respects from the date of allotment
with an existing +class of quoted
+securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next dividend,
(in the case of a trust,
distribution) or interest payment
- the extent to which they do not
rank equally, other than in
relation to the next dividend,
distribution or interest payment

41 Reason for request for quotation
now

Example: In the case of restricted securities, end of
restriction period

(if issued upon conversion of
another security, clearly identify that
other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are true and complete.

Sign here:



Secretary

Date: 1 May 2007

Print name: Ivo Polovineo

+ See chapter 19 for defined terms.