

1 August 2007

Lynas Signs US\$200 Million Rare Earths Supply Contract

Key Points:

- **Second customer supply contract signed for Rare Earths project**
- **Contract value in excess of US\$200 million, over five years**
- **Minimum floor price in contract, with no maximum ceiling price**
- **Important contract in the growing Rare Earths magnet market**

Lynas Corporation Limited ("Lynas") (ASX code LYC) is pleased to announce the signing of the company's second supply contract with a significant Rare Earths customer for the supply of Mt Weld Rare Earths to be produced from the company's Malaysian processing plant.

The contract is a long term five year contract with a value in excess of US\$200 million over five years based on current prices. The contracted sales cover neodymium and praseodymium which are key elements for the Rare Earths magnet industry. The pricing structure of the contract is related to the market price; however it includes a minimum floor price, without a maximum ceiling price, for the product sales over the term of the contract.

Lynas' Executive Chairman, Nicholas Curtis, believes that the signing of the contract is another key milestone for the company and the Rare Earths project:

"The Rare Earths magnet market is growing very strongly at fifteen percent per annum which is forecast to continue for the next five years. This is an important market for the company and it gives certainty to the company's cash flows. The Board is delighted the company has signed a long term supply agreement in this market", Mr Curtis said.

The company continues to be actively engaged with additional potential customers in Europe, Japan and the USA.

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 fourth quarter of 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.

About Rare Earth Magnets

Rare Earth magnets are the world's strongest permanent magnets, enabling higher motor power and efficiency while reducing the size and weight of the components. Sales of Rare Earth magnets are forecast to grow at approximately fifteen percent per annum for the next five years, driven by the automotive and electronics industries in applications such as hybrid vehicles, electrical automobile subsystems, consumer products, and industrial motors.

A hybrid vehicle cuts fuel use by combining a gasoline engine with battery-powered electric motors and a system that captures energy from stopping. The electric motor and energy regenerative braking system are dependent on Rare Earth magnets; note also that the battery is a nickel-metal hydride unit (NiMH) and the metal hydride component is an alloy of Rare Earths.

Rare Earth magnets are also used in hard disk drives, CD-Roms, DVDs; the voice coil motor in a disk drive contains a Rare Earth magnet which controls the arm that reads and writes information onto the disk. The Rare Earth magnet gives better control allowing thinner tracks and more information storage. More stable spinning is achieved with a Rare Earth magnet driving the spindle of the disk drive.

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