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Lynas Signs First Rare Earths Supply Contract

Key Points:

- **First supply contract signed for Mt Weld Rare Earths project**
- **Value of contract is in excess of US\$90M**
- **Five year contract sets new benchmark in Rare Earths industry**
- **Additional customer negotiations progressing well to migrate Letters of Intent to supply contracts**

Lynas Corporation Limited ("Lynas") (ASX code LYC) is pleased to announce the signing of the first 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 company has been able to offer a long term five year contract as the Mt Weld Rare Earths project and processing plant in Kemaman, Malaysia are not restricted by production or export quotas, which are associated with the present industry supply sources. This represents a new benchmark for the security of supply in the Rare Earths market and is welcomed by customers at a time when demand is increasing strongly but supply is restricted and ever more uncertain.

The contract has a value in excess of US\$90M over five years based on current prices. Of the initial 10,500 tonnes production target of Mt Weld Rare Earth Oxides (REO) the contract accounts for, at a minimum, approximately one third of the volume and due to the product mix fifteen percent (15%) of the value.

The contracted sales account for a significant portion of the cerium and heavier Rare Earths, including europium and terbium, as well as other products such as lanthanum from the processing plant's initial 10,500 tonnes REO capacity. The pricing structure of the contract includes a floor and ceiling price for the cerium and lanthanum sales.

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

"The market for Rare Earths continues to tighten as existing demand increases, important new applications using Rare Earths are developed and production in China is curtailed due to production quotas and environmental concerns.

"The development of the Mt Weld Rare Earths project has begun and the Board is delighted the company has signed the first long term supply agreement", Mr Curtis said.

The company is actively engaging potential customers in Europe, Japan and the USA. As announced in the last quarterly report a number of Letters of Intent (LOI) have already been signed with customers and good progress is being made to turn these LOIs into supply contracts.

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 is anticipated to break ground and begin mining on 7 June 2007. Production of Rare Earths from Lynas' Malaysian processing plant is scheduled to commence in the second half 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.

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