

24 December 2008

CONVERTIBLE BOND FACILITY UPDATE

Further to the Chairman's address released to the ASX on 26 November 2008, Lynas Corporation Limited ("Lynas", ASX:LYC) continues to work with its bondholders to satisfy the conditions precedent to release of the US\$95 million bond funds (plus interest) from the escrow account.

Lynas, the senior lender and the bondholders have executed a security trust deed that sets out the detailed priority arrangements between the senior lender and the bondholders, and makes some minor amendments to the senior facility agreement and the bond terms, as agreed between Lynas, the senior lender and the bondholders. Certain other minor terms of the senior facility are now being finalised with the senior lender and the bondholders. Execution of the security trust deed is an important step towards satisfying the conditions precedent to release of the bond funds from the escrow account.

Another important condition precedent was finalisation of the funding plan for the Rare Earths project operating at a production rate of 10,500 tonnes REO per annum. Details of the funding plan were released to the ASX on 18 December 2008.

In accordance with the bond terms that were released to the market in full on 7 March 2008, the agreed deadline for satisfaction of the remaining conditions precedent is 31 January 2009. Lynas remains confident that the conditions precedent will be satisfied before 31 January 2009.

Lynas will keep the market updated as the various conditions to release of the escrow funds are satisfied.

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.

The first mining campaign is now complete. 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 construction of these plants is underway, with first production scheduled in the fourth quarter of 2009. 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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