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MARKET UPDATE: BONDHOLDER DISPUTE

Further to its announcements dated 10 February 2009 and 17 February 2009, Lynas Corporation Limited ("Lynas", ASX:LYC) remains in active discussions with its bondholders concerning the ongoing dispute over the convertible bond facility.

Lynas has today received a summons issued out of the Supreme Court of New South Wales from one bondholder claiming repayment of the principal amount of its bonds (US$15,000,000) plus interest and costs. Lynas disputes that those amounts are payable and Lynas intends to defend the claim. At present, the whole of the US$95,000,000 bond monies remain in an escrow account. In addition, Lynas has been reviewing its own action against the claiming bondholder which if prosecuted, will be brought by way of cross-claim.

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.

Lynas suspended work on the Lynas Rare Earths project in February 2009. 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 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.

For further information please contact Nicholas Curtis on +61 (0)2 8259 7100 or visit www.lynascorp.com