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17 January 2006

**Issue of Shares and Notice pursuant to subsection 708A(5)(e) of the
Corporations Act 2001 (Cth) (Act)**

Please find attached an Appendix 3B for the issue of 9,800,000 ordinary shares and 9,800,000 unlisted options by way of private placement.

As required by subsection 708A(6) of the Act Lynas advises that:

- (1) Lynas issued the shares without disclosure to investors under Part 6D.2 of the Act;
- (2) this Notice is being given pursuant to subsection 708A(5)(e) of the Act;
- (3) as at the date of this Notice, Lynas has complied with:
 - (a) the provisions of Chapter 2M of the Act as they apply to Lynas; and
 - (b) section 674 of the Act; and
- (4) as at the date of this Notice, there is no information which is excluded information as defined in subsections 708A(7) and 708A(8) of the Act.



Ivo Polovineo
Company Secretary



Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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
and Unlisted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Ordinary shares - 9,800,000
2009 unlisted options – 9,800,000 |
| 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) | The options are exercisable at \$0.17 each on or before 16 January 2009 |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4	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	Yes - for ordinary shares (rank equally with existing ordinary shares)	
5	Issue price or consideration	\$1,372,000	
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	To fund an anticipated restructure and reduction in the contingent debt with Ashton Mining (WA) Pty Limited	
7	Dates of entering *securities into uncertificated holdings or despatch of certificates	16 January 2006	
8	Number and *class of all *securities quoted on ASX (including the securities in clause 2 if applicable)	Number	*Class
		242,061,595	Ordinary shares

+ See chapter 19 for defined terms.

9 Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	Number	⁺ Class
	7,730,000	Employee Options exercisable at 25 cents issued pursuant to amended Option Incentive Plan exercisable on or before 30 November 2006
	300,000	Employee Options exercisable at 30 cents issued pursuant to amended Option Incentive Plan exercisable on or before 26 November 2007
	1,270,000	Employee Options exercisable at 30 cents issued pursuant to amended Option Incentive Plan exercisable on or before 30 June 2008
	7,500,000	Options exercisable on or before 30 November 2007 issued pursuant to Lando Deed of Release
	100	Convertible Notes of \$50,000 each issued in November 2003
	4,266,656	Options exercisable at 20 cents on or before 31 December 2006
	8,133,313	Options exercisable at 20 cents on or before 31 December 2007
	3,000,000	Options exercisable at 20 cents on or before 30 November 2006
	9,800,000	Options exercisable at 17 cents on or before 16 January 2009

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 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?

- 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
ORDINARY SHARES ONLY

(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)					
42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 80px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ 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.

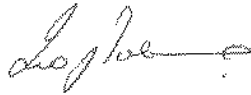
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- 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.

+ See chapter 19 for defined terms.

- 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: 17 January 2006

Print name:

Ivo Polovineo

+ See chapter 19 for defined terms.