

14 August 2006

COMPLETION OF \$75 MILLION FUNDING

The Directors of Lynas Corporation Limited ("Lynas") (**ASX code LYC**) are pleased to announce completion of the \$75 million of funding following approval by shareholders at the Extraordinary General Meeting of the company held on 4 August 2006.

Nicholas Curtis the Executive Chairman said, "The completion of the fundraising marks a major milestone for the company. Lynas is now set to become the only producer of Rare Earths in the world outside of China."

The funding consists of a \$35 million convertible note issue and a \$40 million share placement which have been subscribed to by major international investment groups in the US and Europe.

The \$40 million share placement at \$0.31 per share was subscribed as to \$38 million by affiliates of Goldman Sachs and Ospraie Management, and the balance to Mr Nicholas Curtis, Executive Chairman of Lynas, and to clients of Transocean Securities Pty Ltd. ("Transocean"). Transocean and Patersons Securities Limited ("Patersons") were appointed to co-manage the share placement, with Patersons acting as broker to the issue.

The convertible note issue of \$35 million was co-managed by Transocean and Patersons. The principal commercial terms of the Convertible Notes include:

- Five year term;
- 8.25 % coupon paid quarterly in arrears;
- 40 cent conversion price into Lynas Fully Paid Ordinary Shares;
- The Convertible Notes will be listed on the Singapore Stock Exchange.

As previously advised it is intended that the funds raised will be used for the repayment of the outstanding debt payable by Lynas to Ashton Mining (WA) Pty Ltd (\$5.6 million approximately), the Sino Steel Convertible Note (\$5.0 million) and the development of the Project.

The project is being developed at a time when Rare Earths prices are rising rapidly. The Mt Weld basket of Rare Earths is now valued at \$ 7.38 per kg, up from \$ 5.50 per kg average for the June 2006 quarter. This rapid rise in prices is indicative of the growing global shortfall in these essential ingredients to modern living. Directors are delighted to be able to announce the development of the project at such a positive time for the Rare Earths market.



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About Lynas Corporation

Lynas owns the highest grade deposit of Rare Earths in the world at Mt Weld, 35km south of Laverton in Western Australia. A feasibility study has been completed on the Rare Earths deposit and all Australian and Chinese approvals required for project development have been received. Lynas has a strategy of creating a reliable, fully integrated source of supply from mine through to customers, and to become the benchmark for security of supply and environmental standards in the global Rare Earths industry.

Lynas' Mt Weld tenement also has a JORC compliant poly-metallic resource known as the "Crown" deposit. This is a titanium and niobium-rich Rare Metals resource that is a separate deposit to the Mt Weld Rare Earths deposit.

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