

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 | a) 8.25% Secured Convertible Bonds due 2013
b) Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | a) Bonds - US\$1,143,797 interest payment settled via bond issue, which is convertible into approximately 841,646 ordinary shares as described in the terms and conditions of the bonds dated 7 March 2008
b) Ordinary Shares – 5,546,515 |
| 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) | a) Bonds - The terms and conditions of the bonds were lodged with ASX on 7 March 2008.
b) Ordinary Shares - N/A |

+ See chapter 19 for defined terms.

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- 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

- a) Bonds – N/A
b) Ordinary Shares – Rank equally in all respects with existing ordinary shares

- 5 Issue price or consideration

- a) Bonds - Subscription amount: US\$1,143,797
b) Ordinary Shares – US\$1,143,996

- 6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets)

Issued in payment of Interest for the period 1 October 2008 to 31 December 2008, pursuant to the terms and conditions of the 8.25% Secured Convertible Bonds due 2013.

- 7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates

Issued on 30 December 2008

- 8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)

Number	⁺ Class
654,799,093	Ordinary shares

⁺ See chapter 19 for defined terms.

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Number and ⁺class of all
⁺securities not quoted on ASX
(including the securities in clause 2
if applicable)

Number	⁺ Class
250,000	Employee Options exercisable at 30 cents on or before 15 November 2009
8,200,000	Employee Options exercisable at 30 cents on or before 30 June 2011
50,000	Employee Options exercisable at 32 cents on or before 11 October 2011
700,000	Employee Options exercisable at 71 cents on or before 29 March 2012
50,000	Employee Options exercisable at 83 cents on or before 4 April 2012
20,000	Employee Options exercisable at \$1.02 on or before 18 April 2012
11,180,000	Employee Options exercisable at \$1.20 on or before 25 June 2012
50,000	Employee Options exercisable at \$1.00 on or before 24 August 2012
100,000	Employee Options exercisable at \$1.10 on or before 2 July 2012
200,000	Employee Options exercisable at \$1.27 on or before 15 October 2012
500,000	Employee Options exercisable at \$1.25 on or before 31 December 2012
200,000	Employee Options exercisable at \$1.28 on or before 30 April 2013
1,000,000	Employee Options exercisable at \$1.17 on or before 21 July 2013
15,750,000	Employee Options exercisable at 85 cents on or before 24 September 2013
2,700,000	Employee Options exercisable at \$1.00 on or before 24 September 2013
200,000	Options exercisable at 17 cents on or before 11 August 2009
US\$99,838,247 in principal	Convertible Bonds due 31 January 2013

⁺ See chapter 19 for defined terms.

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- 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.

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- 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 (b) 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 (including the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+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: 30 December 2008

Print name:

Andrew Arnold

+ See chapter 19 for defined terms.