

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

LYNAS CORPORATION LIMITED ("the Group")

ABN

27 009 066 648

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	21,945	32,103
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(40,689) (5,384)	(107,591) (16,357)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes (paid)/received (i)	(65)	13,969
1.7 Other (provide details if material)	(973)	(1,557)
Net Operating Cash Flows	(25,166)	(79,433)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (ii)	(6,724)	(16,103)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	676	676
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other a. Security Deposits (iii) b. Proceeds from the issues of shares via the exercise of options	(30)	5,987
Net investing cash flows	(6,078)	(9,440)
1.13 Total operating and investing cash flows (carried forward)	(31,244)	(88,873)

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- (i) Income taxes received year-to-date mainly relate to the receipt of A\$14.1M from the Australian Tax Office relating to eligible research and development expenditure incurred during the year ended 30 June 2013, principally on the development of the Mt Weld Rare Earths Project.
- (ii) Payments include amounts for property plant and equipment and intangibles.
- (iii) Security deposits represent the net payments or receipts made to financial institutions and separately payments made to the regulatory authorities in Malaysia in connection with the issuance of the TOL. Whilst the Group retains beneficial ownership of these monies, security deposits are not available to finance the Group's day to day operations and therefore have been excluded from cash for the purposes of this report. They are disclosed as an asset on the Group's balance sheet.

1.13	Total operating and investing cash flows (brought forward)	(31,244)	(88,873)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	16
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings (refer to item 3.1 (i))	(11,270)	(11,270)
1.18	Dividends paid		
1.19	Other:		
	a. Interest & other costs of finance paid	(9,160)	(20,548)
	b. Interest & other items of a similar nature received	498	2,352
	Net financing cash flows	(19,932)	(29,450)
	Net increase (decrease) in cash held	(51,176)	(118,323)
1.20	Cash at beginning of quarter/year to date	74,684	141,371
1.21	Exchange rate adjustments to item 1.20	(149)	311
1.22	Cash at end of quarter	23,359	23,359

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	588
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil
1.25	Explanation necessary for an understanding of the transactions	
	Nil	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$USD'000	Amount used \$USD'000
3.1 Loan facilities (i)	440,000	440,000
3.2 Credit standby arrangements	Nil	Nil

- (i) The Group has a US\$225M fully drawn facility from a SPC established by Sojitz and JOGMEC (the "Sojitz Facility"). As required by the terms of the Amendment Deed with respect to the Sojitz loan facility, Lynas made the first principal repayment of US\$10 million by January 19, 2014 thus reducing the principal outstanding to US\$215M. In addition, the Group has a US\$225M Convertible Bond facility on issue.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	2,870
4.3 Production (i)	37,742
4.4 Administration (including interest payments) (ii)	7,560
Total	48,172

- (i) Production costs include expected out flows associated with the ramp up schedule of the Group's Malaysian operations.
- (ii) The total forecasted cash out flow for the period does not include the transfer of funds as prescribed under the Sojitz Facility between the Group's unrestricted and restricted cash accounts. During the period ending 30 June 2014 the Group expects to transfer from its unrestricted cash accounts A\$5.1M of the A\$6.8M required to meet the next semi-annual interest payment due to Sojitz in September 2014.

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	23,359	19,158
5.2 Deposits at call	-	48,000
5.3 Bank overdraft	-	-
5.4 Other (Restricted cash)	-	7,526
Total: cash at end of quarter (item 1.22)	23,359	74,684

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference securities (description)	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			

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	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.3	+Ordinary securities	1,961,185,594	1,961,185,594	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	(a) 25,000	(a) 25,000	(a) Nil
7.5	+Convertible debt securities <i>(description)</i>	225,000,000	N/A	US\$1.00
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil		
7.7	Options <i>(description and conversion factor)</i>		<i>Exercise price (\$)</i>	<i>Expiry date</i>
	24,500,000		\$0.66	October 8, 2014
	1,000,000		\$0.66	July 1, 2015
	5,250,000		\$1.15	August 19, 2015
	329,309		\$0.00	August 19, 2015
	1,000,000		\$1.60	October 1, 2015
	6,450,000		\$1.15	August 19, 2015
	200,000		\$2.36	December 31, 2015
	140,000		\$0.00	June 6, 2016
	2,000,000		\$1.69	September 22, 2016
	2,072,500		\$1.69	September 22, 2016
	4,651		\$0.00	September 22, 2016
	382,500		\$0.00	September 22, 2016
	1,000,000		\$1.57	December 12, 2016
	755,287		\$1.02	September 24, 2017
	1,207,570		\$0.00	September 24, 2017
	813,787		\$0.00	September 23, 2018
	2,022,145		\$0.00	September 23, 2018
	1,685,121		\$0.00	September 23, 2018
	2,802,840		\$0.00	September 23, 2018

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		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.8	Issued during quarter	Nil		<i>Exercise price (\$)</i>	<i>Expiry date</i>
7.9	Exercised during quarter	25,000	25,000	\$0.00	August 19, 2015
7.10	Expired or cancelled during quarter	40,000	40,000	\$0.00	June 6, 2016
		27,286	27,286	\$0.00	September 24, 2017
		115,087	115,087	\$0.00	September 23, 2018
7.11	Debentures <i>(totals only)</i>	Nil			
7.12	Unsecured notes <i>(totals only)</i>	Nil			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
 (Company secretary)

Date: 30/4/14

Print name: Andrew Arnold

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