

## 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")

30 June 2013

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	597	597
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(31,088) (6,603)	(102,780) (19,071)
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	(209)	15,012
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(37,303)</b>	<b>(106,242)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (i)	(15,848)	(111,545)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (ii) (c) other fixed assets	-	169,650
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other		
a. Security Deposits (iii)	(1,001)	(2,704)
b. Proceeds from the issues of shares via the exercise of options	-	226
<b>Net investing cash flows</b>	<b>(16,849)</b>	<b>55,629</b>
1.13 Total operating and investing cash flows (carried forward)	(54,152)	(50,613)

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- (i) Payments include amounts for property plant and equipment, tenement rights and intangibles.
- (ii) Amounts shown are net of the associated transaction costs.
- (iii) Security deposits represent the net payments 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)	(54,152)	(50,613)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other:		
	a. Interest & other costs of finance paid	(2,465)	(19,741)
	b. Interest & other items of a similar nature received	1,635	4,984
	<b>Net financing cash flows</b>	(830)	(14,757)
	<b>Net increase (decrease) in cash held</b>	(54,982)	(65,370)
1.20	Cash at beginning of quarter/year to date	193,751	205,437
1.21	Exchange rate adjustments to item 1.20	2,602	1,304
1.22	<b>Cash at end of quarter (iv)</b>	141,371	141,371

- (iv) Cash at the end of the quarter is represented by unrestricted cash of \$125.7M and restricted cash of \$15.7M. The restricted cash is principally available to fund the capital expenditure associated with the Phase 2 expansion of the Concentration Plant at Mount Weld and the Lynas Advanced Materials Plant in Malaysia (\$10.3M), with the residual available to fund future interest payments under the Sojitz Facility (\$5.4M).

### 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	1,619
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	

+ See chapter 19 for defined terms.

During the quarter, one-off payments aggregating \$953,515.54 were made to Mr Nicholas Curtis pursuant to the cessation of his employment contract as Executive Chairman. These payments represented a termination payment in accordance with his Service Agreement, and accrued entitlements pertaining to annual and long service leave.

### 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

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)	450,000	450,000
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"). Further the Group has a US\$225M Convertible Bond facility on issue. The remaining restricted cash(US\$15.7M) is principally available to fund the capital expenditure associated with the Phase 2 expansion of the Concentration Plant at Mount Weld and the Lynas Advanced Materials Plant in Malaysia (\$10.3M), with the residual available to fund future interest payments under the Sojitz Facility (\$5.4M).

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development (including Phase 2- Capex Programme) (i)	23,358
4.3 Production (ii)	31,098
4.4 Administration (including Interest Payments) (iii)	15,443
<b>Total</b>	<b>69,899</b>

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- (i) Development costs include the payment of amounts associated with the Phase 2 expansion project of the Groups Rare Earth Operations. During the next quarter the Group expects to expend in full the remaining restricted cash balance of \$10.3 million.
- (ii) Production costs include expected out flows associated with the ramp up schedule of the Group's Malaysian operations.
- (iii) The total forecasted cash out flow for the period does not include the transfer of funds as prescribed under the Sojitz Facility between the Groups unrestricted and restricted cash accounts. During the period ending 30 September 2013 the Group expects to transfer from its unrestricted cash accounts \$1.8m AUD of the \$7.2M AUD required to meet the next semi-annual interest payment due to Sojitz in September 2013.

### 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	17,665	4,816
5.2 Deposits at call	108,000	167,089
5.3 Bank overdraft	-	-
5.4 Other (Restricted cash – refer to item 3.1 (i))	15,706	21,846
<b>Total: cash at end of quarter (item 1.22)</b>	<b>141,371</b>	<b>193,751</b>

### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	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		

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**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 (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference +securities</b> (description)	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3	<b>+Ordinary securities</b>	1,960,801,292	1,960,801,292		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil	Nil		
7.5	<b>+Convertible debt securities</b> (description)	225,000,000	N/A	US\$1.00	US\$1.00
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			

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	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.7	<b>Options</b> <i>(description and conversion factor)</i>		<i>Exercise price (\$)</i>	<i>Expiry date</i>
	1,000,000		\$0.98	07/13
	14,100,000		\$0.66	9/13
	2,700,000		\$0.81	9/13
	100,000		\$0.16	1/14
	200,000		\$0.66	9/13
	24,500,000		\$0.66	10/14
	1,000,000		\$0.66	7/15
	5,250,000		\$1.15	8/15
	604,309		\$0.00	8/15
	1,000,000		\$1.60	10/15
	6,450,000		\$1.15	8/15
	200,000		\$2.36	12/15
	420,000		\$0.00	6/16
	4,000,000		\$1.69	9/16
	4,145,000		\$1.69	9/16
	9,302		\$0.00	9/15
	4,651		\$0.00	9/16
	765,000		\$0.00	9/16
	2,000,000		\$1.57	12/16
	1,510,574		\$1.02	9/17
	2,526,360		\$0.00	9/17
7.8	Issued during quarter	Nil		
7.9	Exercised during quarter	Nil		
7.10	Expired during quarter	34,995		
7.11	<b>Debentures</b> <i>(totals only)</i>	Nil		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	Nil		

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## 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:  ..... Date: 31/7/13  
(Company secretary)

Print name: Andrew Arnold