

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 September 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	32,920	32,920
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration (i)	(35,333) (7,356)	(35,333) (7,356)
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	(14)	(14)
1.7 Other (provide details if material) (ii)	(1,065)	(1,065)
Net Operating Cash Flows	(10,848)	(10,848)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (iii)	(751)	(751)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other a. Security Deposits b. Proceeds from the issues of shares via the exercise of options	(22)	(22)
Net investing cash flows	(773)	(773)
1.13 Total operating and investing cash flows (carried forward)	(11,621)	(11,621)

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- (i) Administration includes A\$ 986k in restructuring charge related cash costs and a further A\$ 845k of non-recurring overhead costs.
- (ii) Royalties relating to shipment of rare earth concentrate from Australia to Malaysia.
- (iii) Payments include amounts for property, plant and equipment and intangibles.

1.13	Total operating and investing cash flows (brought forward)	(11,621)	(11,621)
	Cash flows related to financing activities		
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 (refer to item 3.1 (i))		
1.18	Dividends paid		
1.19	Other:		
	a. Interest & other costs of finance paid (i)	(10,581)	(10,581)
	b. Interest & other items of a similar nature received	129	129
	Net financing cash flows	(10,452)	(10,452)
	Net decrease in cash held	(22,073)	(22,073)
1.20	Cash at beginning of quarter/year to date	38,144	38,144
1.21	Exchange rate adjustments to item 1.20	870	870
1.22	Cash at end of quarter	16,941	16,941

- (i) Interest & other costs of finance paid include, besides interest, funding and debt restructuring related costs of A\$ 1.3M.

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	514
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 had a US\$215M drawn facility from a SPC established by Sojitz and JOGMEC (the "Sojitz Facility"). On September 24, 2014 the parties to the Sojitz debt facility amended the loan by signing a binding Term Sheet taking effect from September 30, 2014. The key amendments to the Sojitz debt facility under the binding Term Sheet include an amended principal repayment schedule. In conjunction with these new agreed Sojitz debt facility terms, the Group is completing an equity raising, by way of a placement and a fully underwritten rights issue, for a total of approximately A\$83M (before cash transaction costs). As required by the binding Term Sheet with respect to the Sojitz loan facility, Lynas made the principal repayments of US\$10 million each on January 19, 2014 and October 2, 2014 thus reducing subsequent to the current quarter's end the principal outstanding to US\$205M.

In addition, the Group has a US\$225M Convertible Bond facility on issue.

Estimated gross cash outflows for next quarter (excluding revenue)

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development (i)	5,286
4.3 Production (ii)(iii)	44,849
4.4 Administration (including interest payments) (iv)(v)(vi)	5,334
Total	55,469

- (i) Development includes capital expenditure related cash flows.
- (ii) Production includes A\$1M related to the initial tranche of the first fill cost for phase 2 solvent extraction area.
- (iii) The remaining cash outflow increases in production are in line with the volume ramp up during the period.
- (iv) Administration does not include transfer of funds as prescribed under the Sojitz Facility between the Group's unrestricted and restricted cash accounts and any transfers to license related security deposits. During the next quarter, the Group will transfer about

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A\$6M from its unrestricted cash accounts to fund the semi-annual interest payment due to Sojitz in March 2015.

- (v) The total forecast cash outflow for the period does not include the principal repayment due under the Sojitz Facility of US\$10M which was paid on 2nd October 2014.
- (vi) Administration includes A\$700k in restructuring charge related cash costs.

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	16,941	33,289
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Restricted cash)	-	4,855
Total: cash at end of quarter (item 1.22)	16,941	38,144

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	See Appendix A		
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

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 <i>(description)</i>	Nil			

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		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3	+Ordinary securities	2,333,801,566	2,333,801,566		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	(a) 140,000	(a) 140,000	(a) Nil	(a) Nil
7.5	+Convertible debt securities (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	Nil		

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	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.7	Options <i>(description and conversion factor)</i>		<i>Exercise price (\$)</i>	<i>Expiry date</i>
	24,500,000 (i)		\$0.66	October 8, 2014
	1,000,000		\$0.66	July 1, 2015
	11,700,000		\$1.15	August 19, 2015
	229,309		\$0.00	August 19, 2015
	1,000,000		\$1.60	October 1, 2015
	200,000		\$2.36	December 31, 2015
	3,072,500		\$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
	541,253		\$0.00	September 24, 2017
	743,655		\$0.00	September 23, 2018
	3,474,973		\$0.00	September 23, 2018
7.8	Issued during quarter	Nil	<i>Exercise price (\$)</i>	<i>Expiry date</i>
7.9	Exercised during quarter	140,000	Nil	\$0.00
7.10	Expired or cancelled during quarter	1,000,000	Nil	\$0.00
	666,317	Nil	\$0.00	September 22, 2016
	50,283	Nil	\$0.00	September 24, 2017
	232,294	Nil	\$0.00	September 23, 2018
	2,802,840	Nil	\$0.00	September 23, 2018
7.11	Debentures <i>(totals only)</i>	Nil		
7.12	Unsecured notes <i>(totals only)</i>	Nil		

(i) After the end of the quarter, these options expired on 8 October 2014.

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:


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(Company secretary)

Date: 15 October 2014

Print name: Andrew Arnold

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Appendix A – Schedule of interests in mining tenements held as at 30 September 2014

Tenement Reference	Holder	Location	% Interest at beginning of Quarter	% Interest at end of Quarter	Notes
M 38/58	Mt Weld Mining Pty Ltd*	Mt Weld, Western Australia	100	100	Nil
M 38/59	Mt Weld Mining Pty Ltd	Mt Weld, Western Australia	100	100	Nil
M 38/326	Mt Weld Mining Pty Ltd	Mt Weld, Western Australia	100	100	Nil
M 38/327	Mt Weld Mining Pty Ltd	Mt Weld, Western Australia	100	100	Nil
ML 38/98	Mt Weld Mining Pty Ltd	Mt Weld, Western Australia	100	100	Nil
E 38/2224	Mt Weld Mining Pty Ltd	Mt Weld, Western Australia	100	100	Nil
E 38/2359	Mt Weld Mining Pty Ltd	Mt Weld, Western Australia	100	100	Nil
E 38/2558	Mt Weld Mining Pty Ltd	Mt Weld, Western Australia	100	100	Nil
L 38/224	Mt Weld Mining Pty Ltd	Mt Weld, Western Australia	100	100	Nil
ML 0122/2003	Lynas Africa Limited**	Kangankunde, Malawi	100	100	Nil

* Mt Weld Mining Pty Ltd is a wholly owned subsidiary of Lynas Corporation Limited

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