

## 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 December 2014

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors(i)	45,126	78,046
1.2 Payments for (a) exploration & evaluation (b) development (c) production(ii) (d) administration(ii)(iii)	(41,463) (7,250)	(76,796) (14,606)
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	(15)	(29)
1.7 Other (provide details if material) (iv)	(1,448)	(2,513)
<b>Net Operating Cash Flows</b>	<b>(5,050)</b>	<b>(15,898)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (v)	(3,349)	(4,100)
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	369	347
b. Proceeds from the issues of shares via the exercise of options		
<b>Net investing cash flows</b>	<b>(2,980)</b>	<b>(3,753)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(8,030)</b>	<b>(19,651)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

- (i) Gross sales receipts adjusted for commissions and price compensations.
- (ii) To provide more clarity for investors, we have reclassified A\$3.1M as administration being mainly Malaysian overhead for the quarter, hence increasing administration and decreasing production cash outflows compared to the forecast provided on the prior 5B.
- (iii) Administration includes A\$1.0M of non-recurring cash costs related to the restructuring of the business as communicated in mid 2014.
- (iv) Royalties paid in relation to shipment of rare earth concentrate from Australia to Malaysia.
- (v) Payments include amounts for property, plant and equipment and intangibles.

1.13	Total operating and investing cash flows (brought forward)	(8,030)	(19,651)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	82,973	82,973
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings (refer to item 3.1 (i))	(12,261)	(12,261)
1.18	Dividends paid		
1.19	Other:		
	a. Interest & other costs of finance paid(i)	(9,458)	(20,039)
	b. Interest & other items of a similar nature received	75	204
	<b>Net financing cash flows</b>	<b>61,329</b>	<b>50,877</b>
	<b>Net increase in cash held</b>	<b>53,299</b>	<b>31,226</b>
1.20	Cash at beginning of quarter/year to date	16,941	38,144
1.21	Exchange rate adjustments to item 1.20	540	1,410
1.22	<b>Cash at end of quarter</b>	<b>70,780</b>	<b>70,780</b>

- (i) Interest and other costs of finance paid include: interest on convertible bonds of A\$2.1M, underwriting fees on shares placement and rights issue of A\$5.1M and funding and debt restructuring related costs of A\$1.2M.

### 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	512
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	

+ See chapter 19 for defined terms.

### 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)	430,000	430,000
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"). With effect from September 30, 2014, the parties to the Sojitz debt facility amended the loan by signing a binding Term Sheet. 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, during the Quarter, the Group completed an equity raising, by way of placement and a rights issue, raising a total of A\$83M (before cash transaction costs). As required by the terms of the Sojitz loan facility, Lynas made the principal repayments of US\$10M each on January 19, 2014 and October 2, 2014 thus reducing 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	Nil
4.2 Development	4,332
4.3 Production	41,575
4.4 Administration (including interest payments) (i)(ii)	20,648
<b>Total</b>	<b>66,555</b>

---

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

- (i) Administration includes interest payments to Sojitz and Mt. Kellett plus related withholding taxes of approximately A\$ 11.5M.
- (ii) Administration also includes A\$1.5M of non-recurring cash costs related to the restructuring of the business as communicated mid 2014 and ancillary costs incurred during the recent debt restructuring and equity raising activities.
- (iii) The total forecast cash outflow 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 next quarter the Group will transfer A\$2.2M from its unrestricted cash accounts to fund the semi-annual interest payment due to Sojitz in March 2015.
- (iv) The total forecast cash out flow for the period does not include the principal repayment due under the Sojitz Facility of US\$15M by the end of March 2015.

### 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	64,105	16,941
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Restricted cash)	6,675	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>70,780</b>	<b>16,941</b>

### 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			

+ See chapter 19 for defined terms.

### 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	<b>Preference securities</b> <i>(description)</i>	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>	3,370,955,034	3,370,955,034		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	(a) (i) 1,037,071,988 (ii) 76,829 (iii) 4,651	(a) (i) 1,037,071,988 (ii) 76,829 (iii) 4,651	(a) (i) \$0.08 (ii) \$0.09 (iii) \$0.00	(a) (i) \$0.08 (ii) \$0.09 (iii) \$0.00
7.5	<b>+Convertible debt securities</b> <i>(description)</i>	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		

---

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.7 Options (description and conversion factor)	<u>Listed Options</u>		Exercise price (\$)	<i>Expiry date</i>
	740,303,020	740,303,020	\$0.09	September 15, 2015
	<u>Unlisted Options</u>			
	1,000,000	Nil	\$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
	679,758		\$1.02	September 24, 2017
	446,071		\$0.00	September 24, 2017
	686,865		\$0.00	September 23, 2018
	2,268,067		\$0.00	September 23, 2018
	12,919,810		\$0.00	September 23, 2019
	862,069		\$0.00	September 23, 2017
1,086,957		\$0.00	September 23, 2017	
6,226,416		\$0.00	September 23, 2019	
7.8 Issued during quarter	<u>Listed Options</u>		<i>Exercise price (\$)</i>	<i>Expiry date</i>
	740,226,191	740,226,191	\$0.09	September 15, 2015
	<u>Unlisted Options</u>			
	12,919,810	Nil	\$0.00	September 23, 2019
	862,069		\$0.00	September 23, 2017
1,086,957		\$0.00	September 23, 2017	
6,226,416		\$0.00	September 23, 2019	
7.9 Exercised during quarter	<u>Listed Options</u>			
	76,829	76,829	\$0.09	September 15, 2015
	<u>Unlisted Options</u>			
	4,651	Nil	\$1.02	September 22, 2016

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

---

		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.10	Expired or cancelled during quarter	<u>Unlisted Options</u>		<i>Exercise price (\$)</i>	<i>Expiry Date</i>
		24,500,000	Nil	\$0.66	October 8, 2014
		3,072,500		\$1.69	September 22, 2016
		382,500		\$0.00	September 22, 2016
		1,000,000		\$1.57	December 12, 2016
		75,529		\$1.02	September 24, 2017
		95,182		\$0.00	September 24, 2017
		56,790		\$0.00	September 23, 2018
		1,206,906		\$0.00	September 23, 2018
7.11	<b>Debentures (totals only)</b>	Nil			
7.12	<b>Unsecured notes (totals only)</b>	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: 27 January 2015

Print name: Andrew Arnold

---

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

---

**Appendix A – Schedule of interests in mining tenements held as at 31 December 2014**

<b>Tenement Reference</b>	<b>Holder</b>	<b>Location</b>	<b>% Interest at beginning of Quarter</b>	<b>% Interest at end of Quarter</b>	<b>Notes</b>
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

\*\* Lynas Africa Limited is a wholly owned subsidiary of Lynas Corporation Limited

---

+ See chapter 19 for defined terms.