

## 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 2016

#### 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)	50,671	202,638
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration(ii)	(42,057) (5,787)	(167,948) (25,974)
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)	(81)
1.7 Other (provide details if material) (iii)	(1,014)	(4,489)
<b>Net Operating Cash Flows</b>	<b>1,798</b>	<b>4,146</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (iv)	(1,085)	(10,667)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	-	33
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other		
a. Security Deposits	205	359
b. Proceeds from the issues of shares via the exercise of options		
<b>Net investing cash flows</b>	<b>(880)</b>	<b>(10,275)</b>
1.13 Total operating and investing cash flows (carried forward)	918	(6,129)

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1.13	Total operating and investing cash flows (brought forward)	918	(6,129)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	102
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings (refer to item 3.1 (i))	(2,767)	(2,767)
1.18	Dividends paid		
1.19	Other:		
	a. Interest & other costs of finance paid	(9)	(66)
	b. Interest & other items of a similar nature received	15	73
	<b>Net financing cash flows</b>	<b>(2,761)</b>	<b>(2,658)</b>
	<b>Net increase in cash held</b>	<b>(1,843)</b>	<b>(8,787)</b>
1.20	Cash at beginning of quarter/year to date	44,511	51,974
1.21	Net exchange rate adjustments	680	161
1.22	<b>Cash at end of quarter</b>	<b>43,348</b>	<b>43,348</b>

- (i) Excludes \$A7.2M received from customers in March for product delivered in April and May.
- (ii) Administration includes sales commissions and outbound freight.
- (iii) Royalties paid in relation to shipment of rare earth concentrate from Australia to Malaysia.
- (iv) Payments include amounts for property, plant and equipment and intangibles.

### 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	702
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
- 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

+ See chapter 19 for defined terms.

### 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)	428,000	428,000
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 "JARE Facility"). Principal repayments of US\$22M made by the Group have reduced the outstanding principal to US\$203M.

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

As announced on August 17, 2015, interest payments for both facilities are paid into a restricted Lynas bank account, and are available, at the lenders' discretion, for reuse in the Lynas business.

### Estimated gross cash outflows for next quarter (excluding revenue)

	\$A'000
4.1 Exploration and evaluation	Nil
4.2 Development	1,000
4.3 Production (including royalties)	48,000
4.4 Administration (including sales commissions)(i)	7,200
<b>Total</b>	<b>55,200</b>

- (i) No interest payments are due next quarter. Per ASX announcement dated 30 May 2016, Lynas has reached an agreement with both lender groups to postpone all interest payable between May 2016 and September 2016 to the end of December 2016 without additional interest or penalty.

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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	10,402	10,432
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Restricted cash)	32,946	34,079
<b>Total: cash at end of quarter (item 1.22)</b>	<b>43,348</b>	<b>44,511</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			

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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 (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>	3,488,438,369	3,488,438,369		
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> <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		

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	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.7	<b>Options</b> <i>(description and conversion factor)</i>		<i>Exercise price (\$)</i>	<i>Expiry date</i>
	<u>Unlisted Warrants</u>			
	174,365,466	Nil	\$0.038	September 30, 2018
	<u>Unlisted Options</u>			
	579,663	Nil	\$0.00	September 23, 2018
	2,268,067		\$0.00	September 23, 2018
	9,443,395		\$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
	4,464,286		\$0.00	May 6, 2018
	25,686,920		\$0.00	December 31, 2016
	47,709,315		\$0.00	September 18, 2020
7.8	Issued during quarter	Nil		
7.9	Exercised during quarter	Nil		
7.10	Expired or cancelled during quarter	Nil		
7.11	<b>Debentures</b> <i>(totals only)</i>	Nil		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	Nil		

+ See chapter 19 for defined terms.

## **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: 18 July 2016 (Company secretary)

Print name: Andrew Arnold

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**Appendix A – Schedule of interests in mining tenements held as at 30 June 2016**

<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 38/2558	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
E 38/2935	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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