

2 August 2017

PARTIAL REPAYMENT OF JARE LOAN FACILITY – CLOSURE OF RESTRICTED CASH ACCOUNTS

Lynas Corporation (ASX:LYC, OTC:LYSDY) is pleased to announce that Lynas has satisfied the conditions for closure of the restricted cash accounts associated with the JARE loan facility and the convertible bond facility.

This will result in a US\$15 million principal repayment under the JARE facility, and the full satisfaction of all interest liabilities for the period ending December 2015 for both loan agreements, when the restricted accounts are closed in a few days' time.

The JARE restricted cash account holds a total amount of US\$15.4 million related to interest incurred on the JARE facility between October 2014 and December 2015. The convertible bond restricted cash account holds a total amount of US\$6.2 million related to interest incurred on the convertible bond facility between January 2015 and December 2015. The amount in the restricted accounts was available, at the lenders' discretion, for drawdown by Lynas if required. Two draw downs were made, and subsequently repaid, during 2016.

The test for closure of the restricted accounts was whether Lynas had a balance exceeding A\$25 million in unrestricted cash after 31 July 2017. This test has been satisfied and the restricted accounts will be closed in a few days' time. Repayment of the funds in the restricted accounts to the lenders in a few days' time will have the following benefits for Lynas:

1. US\$15 million will be paid to JARE as a principal repayment, reducing the principal balance of the JARE facility to US\$185 million.
2. The balance in the JARE restricted account will be used to fully discharge interest liabilities due to JARE in respect of the period October 2014 to December 2015.
3. The funds in the convertible bond restricted account will be used to fully repay interest liabilities due to the convertible bondholders in respect of the period January 2015 to December 2015.

The outstanding principal amounts of the JARE loan facility and the convertible bond facility are disclosed in the Statement of Financial Position under Borrowings in the Lynas half year financial report for the period ending 31 December 2016. The discharge of interest liabilities mentioned above will significantly reduce the Interest Payable balance within the Statement of Financial Position.

Lynas CEO Amanda Lacaze commented: "This is a significant milestone for Lynas. It reflects the steady improvements in our business achieved over the past few years, which have allowed us benefit from the recent improvement in Rare Earths market conditions. It is an important next step in improving the company's Balance Sheet as Lynas looks to its next phase of growth."

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