

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, 01/05/13, 01/09/16

Name of entity

LYNAS CORPORATION LIMITED ("the Group")

ABN

27 009 066 648

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	88,375	88,375
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(488)	(488)
(c) production	(43,951)	(43,951)
(d) staff costs	(10,827)	(10,827)
(e) administration and corporate costs	(5,020)	(5,020)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	199	199
1.5 Interest and other costs of finance paid	(13,449)*	(13,449)
1.6 Income taxes paid	(19)	(19)
1.7 Research and development refunds	-	-
1.8 Other (royalty payments)	(1,552)	(1,552)
1.9 Net cash from / (used in) operating activities	13,268	13,268

All figures are in \$A'000

* Cash of \$A13,449 remitted against historic and current interest as follows:

- \$A 8,148 relates to a full and final settlement of interest liabilities for 2015 and earlier (which had stood at \$A 31,808 at the end of June 2017). The difference reflects the interest forgiven by JARE as agreed in the latest financing agreement.
- \$A 3,480 relates to interest liabilities for 2016. Main elements are the interest liabilities on the converted portion of the bonds as payment of 2016 interest is postponed until the extinguishment of the related debt position.
- \$A 252 relates to interest from 1 July 2017 until conversion of the relevant portion of the bonds.
- Withholding taxes account for the rest.

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(1,699)	(1,699)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
	Deposit to Atomic Energy Licensing Board	-	-
	Net withdrawal from security deposits	(1,133)	(1,133)
2.6	Net cash from / (used in) investing activities	(2,832)	(2,832)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	4,568	4,568
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(18,956)	(18,956)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(14,388)	(14,388)
4.	Net increase / (decrease) in cash and cash equivalents for the period	(3,952)	(3,952)
4.1	Cash and cash equivalents at beginning of period	63,925	63,925
4.2	Net cash from / (used in) operating activities (item 1.9 above)	13,268	13,268
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,832)	(2,832)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(14,388)	(14,388)

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4.5	Effect of movement in exchange rates on cash held	(1,536)	(1,536)
4.6	Cash and cash equivalents at end of period	58,437	58,437

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	58,437	35,858
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	28,067*
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	58,437	63,925

* \$A 28,067 refers to the funds kept in the restricted accounts which have now been closed with the funds used to settle mainly 2015-related interest liabilities and to reduce the JARE principal by \$US 15 million.

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	835
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Includes fees, salaries, short-term incentive and superannuation paid to the directors.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
8.2 Credit standby arrangements
8.3 Other (please specify)

	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
	301,500	301,500
	-	-
	-	-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Facility	Lender	Interest Rate	Secured	Outstanding Principal \$US'000
JARE	SPC established by Sojitz and JOGMEC	2.50% from 1 Jul – 31 Aug 2017 3.75% from 1 Sep 2017 onwards	Yes	185,000
Convertible Bond	Mt Kellett Capital Management	1.25% from 1 Jul – 31 Aug 2017 1.875% from 1 Sep 2017 onwards	No	116,500

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development (mining campaign) incl. CAPEX	9.3
9.3 Production	45.1
9.4 Staff costs	10.7
9.5 Administration and corporate costs (including sales commission)	7.7
9.6 Other (royalty)	2.3
9.7 Total estimated cash outflows*	75.1

* Excludes any interest and deposit related outflows.

It is expected that during next quarter a total of US\$ 23.4m will be deposited by cash or bond with the AELB in Malaysia (Atomic Energy Licensing Board). As part of the operating license condition a total of US\$50m is required to be deposited over a 7 year period until 2019.

By the end of September 2017 the equivalent of US\$11.1m was already on deposit.

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: _____
 (Company secretary)

Date: 16 October 2017

Print name: Andrew Arnold

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.