

31 January 2018

PARTIAL CONVERSION OF CONVERTIBLE BONDS

Lynas Corporation Ltd (ASX:LYC, OTC:LYSDY) is pleased to announce that the bondholders have converted a further portion of their convertible bonds from debt into equity. The value of the bonds converted is US\$10,000,000. As a result, the principal amounts of Lynas' debt facilities have been further reduced to the following:

1. JARE Facility – US\$ 170 million
2. Convertible Bond Facility – US\$ 66.5 million

This is a further important step in improving the company's Balance Sheet as Lynas continues to position itself for its next phase of growth.

As a result of the conversion of bonds, 13,333,333 new ordinary shares will be issued today.

Attached are the following documents concerning the conversion of bonds:

1. Notice pursuant to section 708A(5)(e) of the Corporations Act 2001 (Cth)
2. Appendix 3B.

For all media enquiries please contact Renee Bertuch from Cannings Corporate Communications on +61 2 8284 9990.

Andrew Arnold
Company Secretary

31 January 2018

Issue of Shares and Notice pursuant to section 708A(5)(e) of the Corporations Act 2001 (Cth) (Act)

We refer to the issue on 31 January 2018 of 13,333,333 ordinary shares, following the conversion of Convertible Bonds with a face value of US\$10,000,000.

In accordance with section 708A(6) of the Act, Lynas Corporation Limited (**Lynas**) confirms that:

- (1) The shares were issued without disclosure to investors under Part 6D.2 of the Act.
- (2) This notice is being given under section 708A(5)(e) of the Act.
- (3) As at the date of this notice, Lynas has complied with:
 - (a) the provisions of Chapter 2M as they apply to Lynas; and
 - (b) section 674 of the Act as it applies to Lynas.
- (4) As at the date of this notice, there is no information that is excluded information as defined in sections 708A(7) and 708A(8) of the Act.

Andrew Arnold
Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

LYNAS CORPORATION LTD

ABN

27 009 066 648

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|-----------------|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 13,333,333 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary Shares |

| | |
|--|---|
| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Rank equally with existing Ordinary Shares</p> |
| <p>5 Issue price or consideration</p> | <p>Conversion of Convertible Bonds with a face value of US\$10,000,000</p> |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>Conversion of Convertible Bonds with a face value of US\$10,000,000.</p> <p>The Convertible Bonds were issued on 28 February 2012 and they comply with the requirements of ASIC Class Order 10/322 (now Legislative Instrument 2016/82).</p> |
| <p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p> | <p>No</p> |
| <p>6b The date the security holder resolution under rule 7.1A was passed</p> | |
| <p>6c Number of +securities issued without security holder approval under rule 7.1</p> | |
| <p>6d Number of +securities issued with security holder approval under rule 7.1A</p> | |

+ See chapter 19 for defined terms.

6e Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)

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6f Number of securities issued under an exception in rule 7.2

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6g If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.

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6h If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements

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6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements

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7 Dates of entering +securities into uncertificated holdings or despatch of certificates

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|-----------------|
| 31 January 2018 |
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| 8 Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable) | Number | +Class |
| | 590,327,102 | Ordinary shares |

| | Number | +Class |
|---|------------|---|
| 9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable) | 4,488,823 | LTI Performance Rights exercisable for no further consideration, subject to vesting conditions, in the period 18 September 2018 to 18 September 2020 |
| | 2,218,578 | LTI Performance Rights exercisable for no further consideration, subject to vesting conditions, in the period 30 August 2019 to 30 August 2021 |
| | 746,284 | STI Performance Rights exercisable for no further consideration in the first employee trading window after 28 August 2018 |
| | 2,932,923 | Strategic Performance Rights exercisable for no further consideration, subject to vesting conditions, in the first employee trading window after 28 August 2019 |
| | 900,336 | LTI Performance Rights exercisable for no further consideration, subject to vesting conditions, in the period 28 August 2020 to 28 August 2022 |
| | 66,500,000 | US\$66,500,000 of Convertible Bonds at 1.875% p.a. maturing 30 September 2020, convertible at A\$1.00 per share based on an exchange rate of A\$1.00 = US\$0.75 |
| | 27,132,301 | Warrants exercisable at \$0.50 on or before 30 September 2020 |

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?

12 Is the issue renounceable or non-renounceable?

+ See chapter 19 for defined terms.

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- 13 Ratio in which the ⁺securities will be offered
- 14 ⁺Class of ⁺securities to which the offer relates
- 15 ⁺Record date to determine entitlements
- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has ⁺security holders who will not be sent new issue documents
Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations
- 20 Names of any underwriters
- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺security holders
- 25 If the issue is contingent on ⁺security holders' approval, the date of the meeting

- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do ⁺security holders sell their entitlements *in full* through a broker?
- 31 How do ⁺security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and ⁺class of all ⁺securities quoted on ASX (*including* the securities in clause 38)

| Number | ⁺ Class |
|--------|--------------------|
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+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Company Secretary)

Date: 31 January 2018

Print name:

ANDREW ARNOLD

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+ See chapter 19 for defined terms.