

Appendix 5B

Mining 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

Name of entity

LYNAS CORPORATION LIMITED ("the Group")

ABN

27 009 066 648

Quarter ended ("current quarter")

31 March 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Curent quarter \$A'ooo	Year to date \$A'ooo
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(26,545) (4,507)	(71,692) (12,468)
1.3	Dividends received		
1.4	Income taxes (paid) received	15,217	15,221
1.5	Other (provide details if material)		
	Net Operating Cash Flows	(15,835)	(68,939)
Cash flows related to investing activities			
1.6	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (i)	(10,447)	(95,696)
1.7	Proceeds from sale of: (a) prospects (b) equity investments (ii) (c) other fixed assets	-	169,650
1.8	Loans to other entities		
1.9	Loans repaid by other entities		
1.10	Proceeds from issues of shares via the exercise of options.	-	226
1.11	Other (security deposits) (iii)	-	(1,702)
	Net investing cash flows	(10,447)	72,478
1.12	Total operating and investing cash flows (carried forward)	(26,282)	3,539

(i) Payments include amounts for property plant and equipment, tenement rights and intangibles.

(ii) Amounts are shown net of the associated transaction costs.

(iii) The security deposits represent security payments made to regulatory authorities in Malaysia in connection with the issuance of the TOL. Whilst the Group retains beneficial ownership of these monies, security deposits are not available to finance the Group's day to day operations and therefore have been excluded from cash for the purposes of this report. They are disclosed as an asset on the Group's balance sheet.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.12	Total operating and investing cash flows (brought forward)	(26,282)	3,539
Cash flows related to financing activities			
1.13	Proceeds from sale of forfeited shares		
1.14	Proceeds from borrowings		
1.15	Repayment of borrowings		
1.16	Dividends		
1.17	Interest and other items of a similar nature received	2,002	3,349
1.18	Interest and other costs of finance paid	(8,165)	(17,275)
1.19	Other (provide details if material)		
	Net financing cash flows	(6,163)	(13,926)
	Net increase (decrease) in cash held	(32,445)	(10,387)
1.20	Cash at beginning of quarter/year to date	226,224	205,438
1.21	Exchange rate adjustments	(28)	(1,300)
1.22	Cash at end of quarter (iii)	193,751	193,751

- (iv) Cash at the end of the quarter is represented by unrestricted cash of \$172M and restricted cash of \$21.8M. The restricted cash is principally available to fund the capital expenditure associated with the Phase 2 expansion of the Concentration Plant at Mount Weld and the Lynas Advanced Materials Plant in Malaysia.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Curent quarter \$A'ooo	Year to date \$A'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	393	1,243
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil	Nil
1.25	Explanation necessary for an understanding of the transactions Salaries and fees at standard commercial rates.		

+ 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 \$US'000	Amount used \$US'000
3.1 Loan facilities (including Convertible Bonds) (i) (ii)	450,000	450,000
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"). Further the Group has a US\$225M Convertible Bond facility on issue. These facilities have been fully drawn with A\$21.8M of the Sojitz Facility proceeds being held as restricted cash at 31 March 2013 to specifically fund the Phase 2 Capital expenditure programme of the Group.
- (ii) Following the successful completion of the Institutional Placement and Share Purchase Plan in the previous quarter, as announced on 27 March 2013 an adjustment under the Convertible Bond facility Deed Poll was triggered resulting in the Conversion Price under the Convertible Bond Deed Poll being adjusted to A\$1.15.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	37,700
4.3 Production (i)	37,419
4.4 Administration & Interest (ii)	8,811
Total	83,930

- (i) Production costs include expected outflows associated with the ramp up schedule of the Group's Malaysian operations.
- (ii) The total forecasted cash out flow for the period does not include the transfer of funds as prescribed under the Sojitz Facility between the Groups unrestricted and restricted cash accounts. During the period ending 30 June 2013 the Group expects to transfer from its unrestricted cash

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

accounts to its restricted cash accounts \$5.1 million of the \$6.8 million required to meet the next semi-annual interest payment due to Sojitz in September 2013.

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.		Curent quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	4,816	24,494
5.2	Deposits at call	167,089	165,000
5.3	Bank overdraft	-	-
5.4	Other (Restricted cash – refer to item 3.1 (i))	21,846	36,730
Total: cash at end of quarter (item 1.22)		193,751	226,224

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

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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 (see note 3)	Amount paid up per security (see note 3)
7.1	Preference securities (description)	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3	+Ordinary securities	1,960,801,292	1,960,801,292		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil	Nil		
7.5	+Convertible debt securities (description)	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			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options (description and conversion factor)			Exercise price (\$)	Expiry date
		1,000,000		\$0.98	07/13
		14,100,000		\$0.66	9/13
		2,700,000		\$0.81	9/13
		100,000		\$0.16	1/14
		200,000		\$0.66	9/13
		24,500,000		\$0.66	10/14
		1,000,000		\$0.66	7/15
		5,250,000		\$1.15	8/15
		604,309		\$0.00	8/15
		1,000,000		\$1.60	10/15
		6,450,000		\$1.15	8/15
		200,000		\$2.36	12/15
		420,000		\$0.00	6/16
		4,000,000		\$1.69	9/16
		4,145,000		\$1.69	9/16
		20,245		\$0.00	9/15
		10,323		\$0.00	9/16
		765,000		\$0.00	9/16
		2,000,000		\$1.57	12/16
		1,510,574		\$1.02	9/17
		2,544,740		\$0.00	9/17
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired, cancelled or lapsed during quarter	Nil			
7.11	Debentures (totals only)	Nil			
7.12	Unsecured notes (totals only)	Nil			

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 19 April 2013
(Director/Company secretary)

Print name: Andrew Arnold