Rule 5.5

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	Quarter ended ("current quarter")
27 009 066 648	30 September 2013

Consolidated statement of cash flows

		Current quarter $A'000	Year to date $A'000
	Cash flows related to operating activities		
1.1	Receipts from product sales and related debtors	3,238	3,238
1.2	Payments for (a) exploration & evaluation		
	(b) development		
	(c) production	(33,871)	(33,871)
	(d) administration	(6,218)	(6,218)
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	27	27
1.7	Other (provide details if material)	(250)	(250)
	Net Operating Cash Flows	(37,074)	(37,074)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets (i)	(2,663)	(2,663)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other		
	a. Security Deposits (ii)	7,765	7,765
	b. Proceeds from the issues of shares via the exercise of options		
	Net investing cash flows	5,102	5,102
1.13	Total operating and investing cash flows (carried forward)	(31,972)	(31,972)

+ See chapter 19 for defined terms.

(i) Payments include amounts for property plant and equipment, tenement rights and intangibles.
(ii) Security deposits represent the net payments or receipts made to financial institutions and separately payments made to the 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.

1.13	Total operating and investing cash flows (brought forward)	(31,972)	(31,972)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other:		
	a. Interest & other costs of finance paid	(9,134)	(9,134)
	b. Interest & other items of a similar nature received	981	981
	Net financing cash flows	(8,153)	(8,153)
	Net increase (decrease) in cash held	(40,125)	(40,125)
1.20	Cash at beginning of quarter/year to date	141,371	141,371
1.21	Exchange rate adjustments to item 1.20	(236)	(236)
1.22	**Cash at end of quarter (iii)**	101,010	101,010

(iii) Cash at the end of the quarter is represented by unrestricted cash of $93.0M and restricted cash of A$8.0M. The restricted cash amount will be used up in the forthcoming quarter to fund the remaining capital expenditure associated with the Phase 2 expansion of the Lynas Advanced Materials Plant in Malaysia.

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	912
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

As announced in its release to the market on September 16, 2013 during the quarter the Group negotiated an amendment to the Sojitz Facility which varied certain conditions associated with the facility's covenants and principal repayment timing. Reference should be made to Note 23 on page 62 of the Group's June 30, 2013 Annual Financial Report for further details.

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 $USD'000	Amount used $USD'000
3.1	Loan facilities (i)	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. The remaining restricted cash (A$8.0M) is principally available to fund the capital expenditure associated with the Phase 2 expansion of the Lynas Advanced Materials Plant in Malaysia.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	-
4.2	Development	13,500
4.3	Production (i)	35,792
4.4	Administration (including interest payments) (ii)	9,130
	Total	**58,422**

(i) Production costs include expected out flows 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 Group's unrestricted and restricted cash accounts. During the period ending 31 December 2013 the Group expects to transfer from its unrestricted cash accounts A$5.1M of the A$6.7M required to meet the next semi-annual interest payment due to Sojitz in March 2014.

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	21,679	17,665
5.2	Deposits at call	71,353	108,000
5.3	Bank overdraft	-	-
5.4	Other (Restricted cash – refer to item 3.1 (i))	7,978	15,706
	Total: cash at end of quarter (item 1.22)	101,010	141,371

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	Nil			
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

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	**Preference +securities** *(description)*	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			

		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.3	**+Ordinary securities**	1,961,060,594	1,961,060,594		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	(a) 100,000 50,000 25,000 75,000 9,302	(a) 100,000 50,000 25,000 75,000 9,302	(a) $0.00 $0.00 $0.00 $0.00 $0.00	(a) $0.00 $0.00 $0.00 $0.00 $0.00
7.5	**+Convertible debt securities** *(description)*	225,000,000	N/A	US$1.00	US$1.00
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.7	**Options** *(description and conversion factor)*			*Exercise price ($)*	*Expiry date*
		100,000		$0.16	January 5, 2014
		24,500,000		$0.66	October 8, 2014
		1,000,000		$0.66	July 1, 2015
		5,250,000		$1.15	August 19, 2015
		354,309		$0.00	August 19, 2015
		1,000,000		$1.60	October 1, 2015
		6,450,000		$1.15	August 19, 2015
		200,000		$2.36	December 31, 2015
		360,000		$0.00	June 6, 2016
		4,000,000		$1.69	September 22, 2016
		4,145,000		$1.69	September 22, 2016
		4,651		$0.00	September 22, 2016
		765,000		$0.00	September 22, 2016
		2,000,000		$1.57	December 12, 2016
		1,510,574		$1.02	September 24, 2017
		2,469,698		$0.00	September 24, 2017
		928,874		$0.00	September 23, 2018
		2,022,145		$0.00	September 23, 2018
		1,685,121		$0.00	September 23, 2018

+ See chapter 19 for defined terms.

		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.8	Issued during quarter	928,874 2,022,145 1,685,121		*Exercise price ($)* $0.00 $0.00 $0.00	*Expiry date* September 23, 2018 September 23, 2018 September 23, 2018
7.9	Exercised during quarter	9,302 250,000		$0.00 $0.00	September 22, 2015 August 19, 2015
7.10	Expired during quarter	1,000,000 60,000 56,662 2,700,000 14,100,000 200,000		$0.98 $0.00 $0.00 $0.81 $0.66 $0.66	July 21, 2013 June 6, 2016 September 24, 2017 September 24, 2013 September 24, 2013 September 24, 2013
7.11	**Debentures** *(totals only)*	Nil			
7.12	**Unsecured notes** *(totals only)*	Nil			

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: 31/10/13
(Company secretary)

Print name: Sally McDonald