

## 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

ABN

27 009 066 648

Quarter ended ("current quarter")

30 June 2012

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	- - (13,541) (4,453)	- - (64,929) (21,918)
1.3 Dividends received		
1.4 Income taxes paid	(187)	(66)
1.5 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(18,181)</b>	<b>(86,913)</b>
<b>Cash flows related to investing activities</b>		
1.6 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (77,425)	- (749) (339,609)
1.7 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.8 Loans to other entities	-	-
1.9 Loans repaid by other entities	-	-
Proceeds from issues of shares, options, etc.	-	-
1.10 (i)	503	1,167
1.11 Other (security deposits) (ii)	(1,141)	(9,308)
<b>Net investing cash flows</b>	<b>(78,063)</b>	<b>(348,499)</b>
1.12 Total operating and investing cash flows (carried forward)	<b>(96,244)</b>	<b>(435,412)</b>

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1.12	Total operating and investing cash flows (brought forward)	(96,244)	(435,412)
	<b>Cash flows related to financing activities</b>		
1.13	Proceeds from sale of forfeited shares	-	-
1.14	Proceeds from borrowings	-	211,239
1.15	Repayment of borrowings	-	-
1.16	Dividends	-	-
1.17	Interest and other items of a similar nature received (iii)	1,295	6,027
1.18	Interest and other costs of finance paid (iii)	(1,466)	(12,244)
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	(171)	205,022
	<b>Net increase (decrease) in cash held</b>	(96,415)	(230,390)
1.20	Cash at beginning of quarter/year to date	303,517	433,956
1.21	Exchange rate adjustments	(1,664)	1,872
1.22	<b>Cash at end of quarter (ii)</b>	<b>205,438</b>	<b>205,438</b>

- (i) Cash at the end of the quarter is represented by unrestricted cash of \$124.3M and restricted cash of \$81.1M. The restricted cash is only available to fund capital expenditure associated with the Phase 2 expansion of the Concentration Plant at Mount Weld and the Lynas Advanced Materials Plant in Malaysia.
- (ii) The security deposits have been provided to secure a banking facility in Malaysia and mining tenements at Mount Weld. 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.
- (iii) During the quarter the Group elected to change its accounting policy in respect of the presentation of certain items in the statement of cash flows. As a result of this change interest received and paid is now presented as a component of financing activities and proceeds from issue of shares and options is now presented as a component of investing activities.
- (iv) During the year, the Parent Company changed its functional currency from A\$ to US\$ following the issuance of the Mt Kellett convertible bonds. The impact of this change in functional currency has been reflected in both the current quarter and retrospectively for the year to date balances.

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors  
Payments to 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	328
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	<p><b>Explanation necessary for an understanding of the transactions</b> Salaries, fees and consulting services at standard commercial rates.</p>	

**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
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- 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
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**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)	450,000	450,000
	(i)		
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"). During the previous quarter, the Group finalised a US\$225M Convertible Bond issue, resulting in net proceeds of A\$211.2M (after expenses). These facilities have been fully drawn with A\$ 81.1M of the Sojitz Facility proceeds being held as restricted cash at 30 June 2012 to specifically fund the Phase 2 Capital expenditure programme of the Group.

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**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	-
4.2	Development (Phase 1 - \$27.0M, Phase 2 - \$33.4M, Other - \$3.8M)	64,165
4.3	Production	23,339
4.4	Administration	7,676
<b>Total</b>		<b>95,180</b>

**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	25,951	77,440
5.2	Deposits at call	98,337	105,278
5.3	Bank overdraft	-	-
5.4	Other (Restricted cash – refer to item 3.2 (i))	81,150	120,799
<b>Total: cash at end of quarter (item 1.22)</b>		<b>205,438</b>	<b>303,517</b>

**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			
6.2	Interests in mining tenements acquired or increased			

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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	<b>Preference securities</b> (description)	Nil	Nil		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	1,715,029,131	1,715,029,131		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	100,000 250,000 182,218	100,000 250,000 182,218	\$1.01 \$1.01 \$1.01	\$1.01 \$1.01 \$1.01
7.5	<b>+Convertible debt securities</b> (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				

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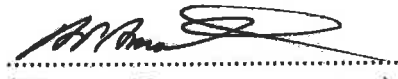
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			<i>Exercise price (\$)</i>	<i>Expiry date</i>
7.7	<b>Options</b> <i>(description and conversion factor)</i>	50,000	0.81	8/12
		500,000	1.06	12/12
		1,000,000	0.98	7/13
		14,400,000	0.66	9/13
		2,700,000	0.81	9/13
		1,100,000	0.16	1/14
		24,500,000	0.66	10/14
		1,000,000	0.66	7/15
		23,400,000	1.15	8/15
		1,608,618	0.00	8/15
		1,000,000	1.60	10/15
		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
		30,232	0.00	9/14
		20,245	0.00	9/15
		955,323	0.00	9/16
		2,000,000	1.57	12/16
7.8	Issued during quarter	Nil		
7.9	Exercised during quarter	532,218	1.01	6/12
7.10	Expired during quarter	8,767,782	1.01	6/12
7.11	<b>Debentures</b> <i>(totals only)</i>	Nil		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	Nil		

+ See chapter 19 for defined terms.

## 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: 31/7/12  
~~(Director/Company secretary)~~

Print name: ANDREW ARNOLD