

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")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	116,478	204,853
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(4,565)	(5,053)
(c) production (i)	(46,075)	(90,026)
(d) staff costs	(9,172)	(19,999)
(e) administration and corporate costs	(5,729)	(10,749)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	217	416
1.5 Interest and other costs of finance paid (ii)	(6,894)	(20,343)
1.6 Income taxes paid	(13)	(32)
1.7 Research and development refunds	-	-
1.8 Other (royalty payments)	(2,318)	(3,870)
1.9 Net cash from / (used in) operating activities	41,929	55,197
(i) Production related cash outflows of A\$ 46.1m include overdue GST refunds of A\$ 3m. (ii) Interest related cash outflows of A\$ 6.9m include A\$5.5m for interest accrued from 1 July 2017 – 31 Dec 2017 and A\$ 1.4m relating to 2016 interest obligations. The 2016 interest is payable when the relevant bond is converted or the debt is repaid in full.		
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3,510)	(5,209)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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 as collateral for AELB	(30,864)	(30,864)
	Net withdrawal from other security deposits	3	(1,130)
2.6	Net cash from / (used in) investing activities	(34,371)	(37,203)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	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	(19,570)	(38,526)
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	(19,570)	(33,958)
4.	Net increase / (decrease) in cash and cash equivalents for the period	(12,012)	(15,964)
4.1	Cash and cash equivalents at beginning of period	58,437	63,925
4.2	Net cash from / (used in) operating activities (item 1.9 above)	41,929	55,197
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(34,371)	(37,203)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(19,570)	(33,958)
4.5	Effect of movement in exchange rates on cash held	1,417	(119)
4.6	Cash and cash equivalents at end of period	47,842	47,842

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	47,842	58,437
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	47,842	58,437

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	506
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
256,500	256,500
-	-
-	-

- 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	3.75%	Yes	170,000
Convertible Bond	Mt Kellett Capital Management	1.875%	No	86,500

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	-
9.2	Development incl. CAPEX	15,200
9.3	Production	44,000
9.4	Staff costs	9,200
9.5	Administration and corporate costs (including sales commission) *	8,200
9.6	Other (royalty)	2,100
9.7	Total estimated cash outflows **	78,700

* Includes annual insurance payments.

** Excludes any debt, interest and deposit related inflows or outflows.

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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	E38 / 2558	Exploration Tenement expired	100%	0
10.2	Interests in mining tenements and petroleum tenements acquired or increased	G38/34	General lease Acquired	0	100%

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: 23 January 2018

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.