CLARIFICATION OF RECENT MEDIA REPORTS

Lynas Corporation wishes to clarify assertions recently reported in the Malaysian media.

1. Cost to export WLP

Recent media reports have quoted estimates for the cost of exporting Water Leach Purification (WLP) residue from Lynas Malaysia. These estimates appear to be based on a misquote of the views of an analyst.

The analyst’s original report noted that these figures were a rough estimate only. The analyst also referenced the Lynas security deposit paid to the Malaysian Government’s Atomic Energy Licensing Board (AELB) (not insurance) which had, as one of its purposes, the establishment of a permanent deposit facility. In reaching his view, the analyst had assumed that this deposit would be used to pay for some of the costs of exporting WLP, on the basis that a permanent deposit facility would no longer be required.

Like most commercial organizations, Lynas regularly examines the financial feasibility of different business scenarios and contingencies. These assessments are based on various assumptions and are not supported by confirmed cost estimates. Lynas is therefore not in a position to provide guidance on the potential costs associated with exporting WLP. However, the estimated costs quoted in the media reports appear to be substantially lower than initial assessments of such costs made by Lynas.

2. Letters in relation to removal of residues from Malaysia

There has also been media commentary on letters signed by Lynas in 2012 in relation to removal of residues.

The AELB has issued three consecutive operating licences to Lynas Malaysia - the Temporary Operating Licence (3 September 2012 – 2 September 2014) and two Full Operating Stage Licences (3 September 2014 – 2 September 2016 and 3 September 2016 – 2 September 2019).

All three licences require Lynas Malaysia to carry out R&D on the safe use of the WLP residue generated, failing which Lynas Malaysia shall site, construct and build a PDF to store the WLP residue. ONLY if these two options fail will Lynas be required to export the WLP out of Malaysia.

Consistent with the licence conditions noted above, the letter signed by the then Lynas Corporation Executive Chairman on 23 February 2012 explicitly states: “Lynas Corporation Australia hereby gives a full undertaking to, if necessary, remove from Malaysia all waste generated by the Lynas Advance Material Plant in Gebeng, Kuantan during the Temporary Operating License’s period”. 


This letter related to the third of the three options for Lynas Malaysia’s WLP residue listed above, and it only related to the residue generated during the two-year Temporary Operating Licence period.

For all media enquiries please contact Jennifer Parker or Lauren Stutchbury from Cannings Corporate Communications on +61 2 8284 9990.

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