

Insights on Lynas Rare Earths' Fiscal Year Report and Expert Commentary

written by Jack Lifton | August 29, 2023

Overview of Lynas' Financial Achievements

[Lynas Rare Earths Ltd.](#) (ASX: LYC) recently unveiled its [financial statistics](#) for the fiscal period culminating on 30 June 2023. The firm's financial year was marked by significant operational feats, most notably setting new benchmarks in concentrate and NdPr production during the latter half.

- The revenue stood impressively at AUS\$739.3 million with EBITDA and NPAT making up 51% and 42% of this total, respectively.
- CEO Amanda Lacaze, while applauding the company's recent achievements, pointed out that the past fiscal year, though robust, did not eclipse the monumental market highs of FY22.
- Highlighting the company's commitment to growth and future projects, Lynas dedicated \$595 million to capital endeavors, concluding the year with a formidable cash reserve of AUS\$1,011.2 million.

Projects at a Glance

1. Kalgoorlie Rare Earths Processing Facility: Having

witnessed extensive construction throughout the year, only the waste gas treatment segment remains pending. Unexpected expenses have nudged the project's budget to an estimated \$730 million.

2. Mt Weld Development: Launched in March 2023, this project continues to advance seamlessly, remaining firmly on its timeline.
3. Lynas' Venture into the U.S.: Strengthening its global presence, Lynas clinched a collaboration with the U.S. Department of Defense, focused on erecting the Heavy Rare Earths component of their Texas-based processing facility. Financial commitment from the U.S. Government is pegged around US\$258 million.

Symbiotic Government Collaborations

Lynas has strategically forged partnerships worldwide to bolster the rare earths supply chain:

- A nod from the Australian Government came with an award of AUS\$20 million in June 2023.
- March saw the Japanese Government infuse AUS\$200 million via Japan Australia Rare Earths B.V. (JARE).
- A significant contract from the U.S. Government worth US\$258 million was finalized in August 2023.
- In Malaysia, while Lynas procured a license renewal valid for three years starting February 2023, it came with stipulations, leading Lynas to take the judicial route.

Expert Perspective: Jack Lifton's

Observations

Renowned analyst Jack Lifton cast a discerning eye over the report, highlighting a few areas of concern:

- Lifton expressed reservations about the company's projected costs, particularly emphasizing the unexpected doubling in the estimate for the Lynas U.S. venture as quoted by the Department of Defense.
- Lifton's scrutiny extended to the credibility of Lynas' costing, especially when it came to American projects.
- The Kalgoorlie initiative drew attention too, with its budget swelling by 50%, a figure Lifton deemed notably high.
- On the Malaysian front, Lifton underscored Lynas' challenge – the prohibition against processing radioactive material. With the Kalgoorlie initiative aimed at purifying the ore of thorium and uranium before its Malaysian journey, Lifton probed the readiness of the project, questioning its ability to meet the January 2024 deadline for shipments.

While Lynas Rare Earths Ltd. certainly celebrates a year of notable achievements, the meticulous observations and questions raised by experts such as Lifton emphasize the importance of thorough scrutiny, foresight, and transparent communication in ensuring sustained growth and stakeholder trust.