

Malaysia's Decision is a Game Changer for Lynas Rare Earths

written by Tracy Hughes | October 24, 2023

[Lynas Rare Earths Ltd.](#) (ASX: LYC), the Australian mining giant, recently breathed a sigh of relief. Malaysia's government granted the firm a [pivotal extension](#) on their operating license, allowing them to continue importing and processing raw materials laden with naturally occurring radioactive elements until March 2026.

Previously, Malaysia had stringent reservations due to radiation concerns stemming from the cracking and leaching procedures in processing these materials. The facility in Pahang, Malaysia, has been mired in controversies surrounding radioactive waste, specifically thorium, since 2012. Malaysia had gone to the extent of instructing Lynas to shift certain radioactive waste-producing operations out of the country, even enforcing a ban on imports of raw materials with these elements.

The game-changer was Lynas's innovative proposal: a technology that could extract thorium not just from the raw materials but also from the accumulated waste. If Lynas can effectively commercialize this method, the waste can be rapidly disposed of, while the extracted thorium might find buyers in nuclear plants worldwide.

But why is this decision so monumental for Lynas?

For starters, had Lynas not been granted this extension, the company would be staring at a gaping hole in their supply chain. Their Kalgoorlie plant in Australia would not start processing any carbonate product until the next year, and ramping up to their nameplate capacity would take potentially another nine

months. This scenario would have crippled their Malaysian production for nearly three-quarters of the year, slashing their annual output by half.

Historically, Lynas imported its monazite concentrate from Mount Weld in Australia. This concentrate would then journey to Malaysia, undergoing a sulfation bake. In simpler terms, it would be combined with sulfuric acid, processed in a kiln, and subsequently undergo a water leach and purification process. But one of the waste streams from this method, which contained higher radiation levels, proved problematic.

Lynas's ambitious plans include expanding its Magnetic Materials (Neodymium and Praseodymium) production in Malaysia, a crucial component in various modern applications ranging from magnets in wind turbines to motors in electric vehicles. With expansion plans in the pipeline and a new facility in Texas, the extended operating license in Malaysia ensures that Lynas has a consistent supply to meet global demands.

The strategic decision by the Malaysian government underscores the importance of Lynas in the global rare earth industry. With news of other major players facing operational hiccups, the industry needed a win. And this decision, undoubtedly, is a significant one. It not only secures Lynas's position but also sends a positive signal for the rare earth industry at large.

In essence, this development underscores a harmonizing synergy of economic ambitions and environmental prudence. While the decision spells robust business prospects for Lynas, it's also a nod to Malaysia's commitment to environmental sustainability. The future, it seems, is both green and bright for Lynas and rare earths.