

**Lynas secures RM700m in new funds, delays plant launch to Q2**  
**The Malaysian Insider**  
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**By Shannon Teoh**

KUALA LUMPUR, Jan 24 — Lynas Corp has raised US\$225 million (RM700 million) in bonds which it says will ensure the firing up of its controversial RM2.5 billion rare earth plant in Kuantan.

The Australian miner said in a statement today it expects the start of operations to be delayed to the second quarter instead of the first quarter of this year, requiring an additional capital cost of up to RM325 million.

“Lynas is very pleased to accept this offer to cover our working capital needs and completion of Phase One in Malaysia. It represents a further strong vote of confidence in our project,” said Lynas executive chairman Nicholas Curtis (picture).

Lynas had suspended trading on the Australian stock exchange yesterday ahead of today’s announcement.

The plant was due to start operations in September but Putrajaya has asked for additional measures following a continued protest against the rare earth refining facility.

Malaysian regulators are set to meet on January 30 to decide on a pre-operating licence for the refinery being constructed in the Gebeng industrial zone.

The Atomic Energy Licensing Board (AELB) will submit its recommendations to the Cabinet but with a general election due by May 2013, continued protests by local residents and environmentalists may further delay any decision by the government.

The bonds were subscribed by funds managed by US-based investment firm Mount Kellett Capital Management.

Putrajaya bowed to public pressure last April after sustained opposition from local residents and environmentalists and put the project on ice pending the review by the International Atomic Energy Agency (IAEA).

In July 2011, the government agency adopted 11 recommendations set out by the review of the refinery and said it would not allow Lynas to begin operations or import rare earth ore until all conditions, which include a comprehensive, long-term and detailed plan for managing radioactive waste, are met.

However, AELB had said Lynas Corp failed to meet any of the conditions in its first proposals.

Lynas’ local subsidiary has insisted that it can begin operations within six weeks of being given the go-ahead for the plant which it hopes will provide a windfall of RM8 billion annually from 2013.

In an interview with The Malaysian Insider, Lynas Malaysia managing director Datuk Mashal Ahmad said the plant already has agreements to supply BASF and Siemens with rare earth, crucial in high-tech applications like magnets for wind turbines and hybrid cars.

Lynas shares closed last Friday at A\$1.28 (RM4.18) up 22 cents since the start of the month, valuing the company at A\$2.2 billion.

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