

Lynas's Record Results – A Return to Rare Earth Confidence?

Lynas Corporation (ASX: LYC | OTC: LYSDY) (“Lynas”) caused a stir in the Australian markets earlier yesterday, becoming one of the biggest movers with a 9% gain at morning trade. The shares of the rare-earth miner have bounced up twice this month, surrounding the release of the company’s second quarter update published on Tuesday; Lynas revealed record PrNd production of 1,331 tonnes, an impressive 13.2% increase on the previous quarter, beating their own projections.

Lynas commented that the production increases were the result of operational improvements made with the intention of boosting performance.

“The changes to output volume are expected to be long-term and this seems to have boosted confidence in the team, in spite of a tough year for rare-earth prices. Saying that, this January has seen a slight boost to the RE market, with many claiming it to be the beginning of the end of the slump.”

Additionally, the company noted that despite continued low prices for rare-earth products, its operating cash flow improved significantly, rising from A\$1.7m to A\$5m.

During the December quarter, planning was also finalised for the first mining campaign at the company’s Mount Weld Project in almost ten years. The Western-Australian volcano stabbing mission, which should provide one year of mill feed, is set to start this month at a cost of around A\$3m. The Mt Weld Central Lanthanide Deposit (CLD) is one of the highest grade rare-earth deposits known. Mt Weld also hosts a further three undeveloped sites rich in mantle-borne-treasures such as

niobium, tantalum, titanium, zirconium and phosphate that present excellent future opportunity.

The Mt Weld deposits are concealed inside a two billion year old volcanic plug; An estimated 1.8km of which has been weathered during this time to form a high grade supergene rare-earth-oxide (REO) deposit. Lynas processes the ore on-site at the Mt Weld Concentration Plant, that concentrated product then finds its way to the Lynas Advanced Material Plant (LAMP) near Kuantan in Malaysia where it will be further refined into materials such as Neodymium/Praseodymium (Nd/Pr).

Despite being a rare-earth element and never being found in its free form in nature, neodymium is as prevalent in the Earth's crust as nickel, copper, and cobalt. It is used in a range of scientific and industrial applications and perhaps best known for creating super-strength magnets when combined with praseodymium.

The LAMP produces Nd/Pr oxide, cerium carbonate, cerium oxide, Lanthanum/Cerium carbonate and Lanthanum/Cerium oxide, and SEG oxide, as well as iron phosphogypsum and magnesium rich gypsum products which are stored on site in dedicated facilities. The company is well-advanced on developing commercial uses for these additional materials, further assisting with efficiency and financial performance. The plant is built on a 100 hectare site that is adjacent to established manufacturers of key chemical reagents, and has access to a skilled labour force and excellent infrastructure.

The company noted that their recent improved financial outcomes were underpinned by boosted production, but the second-quarter update had yet more to give, revealing that Lynas achieved record sales of A\$65m, up from A\$53.8m in the September quarter.

"We expect demand to remain strong over the coming period and are hopeful the recent firming of lanthanum and cerium

prices may also be reflected for other rare earth products.”