

# Anti Lynas protests are no cause for concern

✘ Environmentalists are at it again in Malaysia, as some 1,000 protesters, resumed their anti-Lynas protests, blocking the entrance to the Lynas Advanced Materials Plant (LAMP) in Kuantan, located in the State of Pahang. The resumption of protests, while apparently sudden, was not warranted by any especially damning environmental reports, plant failures, leaks or incidents. In fact, the new wave of protest had been long announced as various anti-Lynas groups had vowed to shut down the facility, sending a 'warning' to Lynas that it should have abandoned operations by June on Sunday as Malaysians push anew for the closure of the facility ahead of the expiry of the temporary license in September 2014. That deadline was one of the conditions that the Malaysian Atomic Energy Licensing Board set for Lynas (ASX: LYC) when it granted the temporary operating license in September 2012.

In December 2013, Lynas presented the results of its research on waste recycling to the Board, which agreed to the Company's request to build a permanent disposal facility, having met its obligations, even if the site has to be determined. Most importantly, as far as the protesters' claims are concerned, the Board said "the radiation levels onsite and offsite the plant to be within regulatory limits and that its operations were safe and under control". The protests have attracted considerable media attention because among the demonstrators that were arrested, there was one Natalie Lowrey, an Australian. Unlike fifteen of her fellow Malaysian protesters, who were arrested, Ms. Lowrey has not been released. Finally, the arrests were made, not in accordance to government abuse, rather, Kuantan police, secured a court order, just before the arrival of the protesters, banning anyone from being within a

20-metre radius from LAMP.

This is not because, Malaysian authorities want to make an example out of her; No, it's rather simpler than that, as she will likely be charged with breaching the terms of her visa, even if she may also be charged with violating the Malaysia Riot Act as well and could be detained for up to 14 days. Therefore, there is no actual additional risk to Lynas investors stemming from these riots. The protesters staged a march featuring a 'media-friendly' 300km walk (also featuring a 48-year old man making the trek despite having only one leg) from Kuala Lumpur to Kuantan, which grabbed attention. The Save Malaysia Stop Lynas (SMSL) group was usually associated with such actions; this time, the protests were organized by 'Himpunan Hijau', which also demands that LAMP be shut down "after Lynas Corp ignored their ultimatum to leave Malaysia earlier this year". The Malaysian political opposition has learned to use anti-Lynas events to score points, having already failed to make too many waves, launching a number of conspiracy theories about the missing Malaysian Airlines MH370 Boeing 777.

The Kuantan High Court has repeatedly rejected applications filed by environmental activists to close the LAMP rare earth processing plant in Kuantan. Indeed, there are no legal or regulatory obstacles preventing LAMP from continuing operations. On more than one occasion, the Courts demanded the protesters to pay for Lynas's legal expenses in confronting lawsuits launched by environmentalists.

Lynas is developing one of the most prolific rare earth resources in the world at its Mount Weld property in Western Australia. Lynas's LAMP processing facility in Malaysia has had to overcome several legal hurdles. The way the government has handled this latest wave of protests has confirmed that the authorities want to keep the facility and the Company, which may hopefully make Malaysia into a rare earth production leader. Lynas has faced far larger demonstrations in 2012, one

of which was over 100,000 bare-footed activists supporting the political opposition led by Anwar Ibrahim (who has exploited the Lynas issue for political leverage in the 2013 general election. It was one of the largest political rallies ever held in Malaysia and it failed to influence the Court's decision. The uncertainty that Lynas had to endure in 2012 was highly motivated by political calculations because of the election. That it still managed to emerge successful in the end is a vindication for its LAMP facility and project. It is interesting to note that Malaysia want to build a nuclear power generation facility by 2021. The government held talks with Russia's nuclear agency Rosatom just days ago. Because of the 2011 Fukushima meltdown, the Malaysian population feels uncomfortable with nuclear power plants and this has certainly influenced the anti-Lynas sentiment.