

Malaysia grants license to Aussie rare earth plant

February 1 2012, By EILEEN NG , Associated Press

(AP) -- Malaysia on Wednesday granted a license for an Australian mining company to operate the first rare earths plant outside China in years, despite public protests over fears of radioactive contamination.

Lynas Corp. says its refinery could meet nearly a third of world demand for rare earths, excluding China. It also may curtail China's stranglehold on the [global supply](#) of 17 [rare earths](#) essential for making high-tech goods, including flatscreen TVs, mobile phones, [hybrid cars](#) and weapons.

The Atomic Energy Licensing Board said it would grant Lynas a license that could be withdrawn if any of its conditions are broken. Lynas must submit plans for a permanent disposal facility within 10 months and make a \$50 million financial guarantee with the government.

The board also said "the residue that is produced is the responsibility of the company and if necessary, will be returned to its source" in Mount Weld, Australia. The board can evaluate Lynas' compliance at the company's cost.

The \$230 million (700 million ringgit) plant in central Pahang state has been the subject of heated protests over health and environmental risks posed by potential leaks of radioactive waste.

Malaysia's last rare earth refinery by Japan's Mitsubishi group, in northern Perak state, was closed in 1992 following protests and claims

that it caused birth defects and leukemia among residents. It is one of Asia's largest [radioactive waste](#) cleanup sites.

Lynas says its plant is equipped with state-of-the-art [pollution controls](#) and targets to start operations in the June quarter.

The Lynas plant will refine slightly radioactive ore from its Mount Weld mine. Lynas has said the radioactive element, thorium, in its raw material was 50 times lower than those in Perak. Lynas also said waste products with low levels of thorium could be converted into safe [byproducts](#) such as cement aggregate for road construction.

Malaysia, which granted tax breaks and other incentives to Lynas, hopes the facility will spur growth.

An International Atomic Energy Agency team last year assessed the Lynas project and told the Malaysian government that the project lacks a comprehensive long-term waste management program and a plan to dismantle the plant once it is no longer operating.

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