

FAQ RELATED TO LYNAS (M) SDN. BHD.'s PROJECT

ISSUES	QUESTION	ANSWER
TEMPORARY OPERATING LICENSE (TOL)	What are the conditions that Lynas has to meet?	<p>The Temporary Operating License (TOL) will be issued only after Lynas has met these conditions:</p> <ol style="list-style-type: none"> 1) Pay the license fee 2) Agree to pay a financial security of USD50m, at a rate of USD10m per year for 5 years 3) Provide a Letter of Undertaking that it will remove and relocate all residues generated to its place of origin 4) Abide by the decision that AELB has the right to appoint an independent third party assessor at cost to Lynas
	Has Lynas fulfilled the conditions?	Lynas has not fully met the above conditions and therefore the TOL has NOT been issued.
	Is it true that AELB has said that the Temporary Operating License (TOL) will be issued in May?	<p>AELB did not say this. AELB will only issue the temporary operating license after Lynas has fulfilled all the above conditions for the TOL.</p> <p>After the license has been issued, the licensee can submit a request for the permit to import the ore.</p>
	Despite AELB's explanation and assurance regarding the safety of Lynas, the approval of the TOL still received a lot of opposition from the public.	<p>There was a lot of opposition although the majority of the comments were one-liners that said 'We don't want Lynas'. The only positive comment came from one person who said he was satisfied with the way the documents were written but he underlined that regulatory monitoring is very important.</p> <p>These are very important comments. It shows that there is a</p>

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		<p>need for Lynas and others to provide more information. And indeed, more information will be given so that AELB can make an informed decision rather than a misinformed one.</p>
	<p>What is the difference between TOL and Pre-Operation License?</p>	<p>They are the same. However, a Pre-Operating and an Operating License are two different things.</p>
<p>SECURITY FINANCIAL</p>	<p>What about the security?</p>	<p>There is a financial security with the total amount of USD 50 million. During the TOL, any residues produced will be returned to the source if necessary, and Lynas will have to show a letter of undertaking from the main parent company that they are willing to take it back. So there are two assurances, one is the financial security and the other is the undertaking if it is necessary.</p>
<p>WASTE MANAGEMENT</p>	<p>Australia said that they will not receive the residues.</p>	<p>AELB does not base its decisions on news reports but on facts.</p>
<p>INSTALLATION</p>	<p>AELB said Lynas is already 90% complete. Does AELB have any updates on the construction that was claimed by the activists to have something that was not properly installed?</p>	<p>AELB has requested Lynas to show evidence that the engineering has been approved by a certified engineer and they do have the certification. Therefore if anything should happen, the relevant authority will take it up with the certified engineer concerned.</p>
<p>IAEA</p>	<p>The Anti-Lynas activists claimed that the 11 IAEA Recommendations have not been fulfilled.</p>	<p>Out of the 11 recommendations, only Recommendation 10 is related to Lynas, the rest are related to mainly AELB. In Recommendation 10, Lynas will have to engage the public, to be more transparent.</p>

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		<p>AELB has already fulfilled this. AELB has requested further documents from Lynas which, under normal circumstances, would come at the later stage. However, in line with the IAEA recommendation, Lynas is now required to submit the waste management plan earlier. The pre-operation stage and also the safety case of the waste management are very important and Lynas has done that. At this stage, AELB also recognizes that we need to be able to verify the correctness of the claims made by Lynas.</p> <p>Lynas has suggested two scenarios, the best case scenario and the worst case scenario. Lynas's contention is that the best case scenario applies to them where they are able to commercialize, reutilize and reuse the residue. According to Lynas, there will be no waste produced. But AELB wants Lynas to also present the worst case scenario where everything fails and the residue could not be commercialized, reutilized or reused. This is why AELB requires Lynas to have a Permanent Disposal Site (PDF).</p> <p>The Board is very clear about what they intend to do at this stage. The next stage is the Pre-Operation where Lynas will have to prove their contention is correct and that they are able to commercialize, reutilize and reuse the residue. This is why the pre-operating stage is very important. AELB will be able to determine whether Lynas's contention is right or whether it's the worst case scenario.</p>
	<p>Back to the 11 Recommendations by IAEA, is it just related to TOL?</p>	<p>The 11 Recommendations are related to the whole process and AELB has organized them stage by stage.</p>

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		<p>First is Siting and Construction, then we have Pre-Operation License which is then followed by Operation License, then when Lynas has finished its operations, in perhaps, about 20 years from now, and they would like to Dismantle and Decommission, they will have to apply for another license. After that, if they want to build a repository if necessary, they will have to go through this whole process again. So the 11 Recommendations are for the whole process, from cradle to grave.</p>
	<p>So that means before AELB issued the TOL; Lynas, AELB and government already fulfilled the requirements by IAEA panel?</p>	<p>We have fulfilled what is necessary for this stage. There are some stages that become more detailed as you progress. The waste management plan as recommended by IAEA is a living document. Once AELB has gone through the Pre-Operation stage, it will become more complicated and it becomes more detailed.</p>
<p>ENVIRONMENTAL IMPACT</p>	<p>There are still calls for a DEIA; do you think this is still necessary?</p>	<p>AELB works very closely with the DoE. After the DoE and local government have approved it, it will come to AELB for consideration.</p>
	<p>Some Anti-Lynas groups, especially YB Fuziah, said that the DEIA report is still needed because there are still flaws in the PEIA.</p>	<p>The report has been approved by the DoE. The DEIA is not necessary because everything in the report has been approved. The impacts (but not radiological) have been looked at in the report. The DoE has also displayed the report from 30th May to 30th June 2011.</p>
	<p>Does the PEIA also detail in all hazards, is everything covered in the PEIA?</p>	<p>Although the PEIA is not for public display, we have done that last year. The contents of that report had been made</p>

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		public.
	Lynas had claimed that radioactivity produced from its Thorium is 50 times lower than ARE. AELB will appoint an independent assessor to verify this or is it just based on Lynas report?	In our system, licensee needs to declare first, and then AELB will verify it. In other words, all of Lynas's claims will be verified by AELB.
	Since the ore is currently in Australia, did AELB send somebody there to do some test?	Lynas has sent it for assessment and AELB has seen the certified assessment. When the ore comes in, AELB will sample and will again verify and this will be done for every shipment. The composition of the raw material will determine the radioactive concentration of the residue. So AELB will always verify the correctness of every declaration.
	Some say that the radioactivity is not equally distributed. Some parts can be higher and some can be lower. So how can AELB explain this?	There are standard sampling methods so you can get samples that represent the normal population.
	Will this be done by consultants appointed by AELB?	It will be done by AELB but for Lynas, there will also be an independent third party assessor. Hence, there will be several people analyzing.
	There is a lot of concern about the plant: it is not solidly built, about leakages. Will the third party assessor be inspecting this to make sure it is safe before starting operation?	One of the criteria for selection of consultant is that, they have credibility, they are recognized by other regulatory authorities, and that they are experienced in the chemical industry in particular the one related to Lynas. AELB will be looking into this sort of third party assessor.

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	AELB had engaged villagers but not those who are very concerned. The Stop Lynas Coalition, Save Malaysia Stop Lynas has not been entertained.	Please ask if they had sent the invitation/enquiries/request to the Secretary General of MITI. AELB cannot speak on their behalf.
	Will AELB consider displaying the report by the consultant to the public?	First, the report is important to AELB as the regulator, our job is to ensure safety and of course, we will display it to the public.
	Can AELB comment about the New York Times report about the contractor AkzoNobel and the design flaws that they have found in the plan?	AELB cannot speak on behalf of Lynas but, safety is our concern. AELB has had an explanation from Lynas and their explanation has already been made public. AELB has verified that the construction has been approved by a certified engineer.
	Can AELB disclose the name of the engineer?	Please ask Lynas.
	Was it Lynas that looked into the AkzoNobel incident or was it AELB? Who was the inspector that looked into this incident?	According to building requirements in Malaysia, all builders/engineers/architects have to be certified by their professional bodies. If the engineer has been recognized as a certified engineer, then it is acceptable.
	Has Lynas sent an assessor to measure the radioactivity of the raw material?	Lynas has presented the data in the RIA.
	So AELB will accept the data from Lynas?	AELB has taken note and we will verify this.
	The submission of the undertaking letter, do they have to get a guarantee from their	It is AELB standard practice that every radioactive source must be accompanied by an undertaking letter that the

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	government because if Lynas said they'll take it but the country refuses then how do you deal with this?	source can be returned but AELB does not require this from the government. They may have other arrangements on how they dispose the spent radioactive material. This is not only for Lynas, but in general. One concern that has been raised is that if Lynas goes bust before the PDF is established, who will take care of the residue. So this letter of undertaking will ensure that those residues will be managed.
	If Lynas goes bust, can they apply for a permit to export the residue back to Australia?	From AELB's experience, there have been some companies that go bust. When the supplier has given the Letter of Undertaking, they normally honour it.
	Has AELB had a scenario when supplier has to send back the ore to the country?	Yes, this was when the supplier on the other side went bust. What is important is that all aspects of radioactive waste management are being covered.
	In the worst case scenario, if Lynas can't return the residue to Australia, is Malaysia ready to handle it?	That's why AELB has the letter of undertaking; we can avoid having to do that.
	There is a lot of criticism raised that the TOL has been approved in just 3 working days after the public display.	<p>The first letter of intent from Lynas was way back 15 months ago. AELB had studied the documents submitted by Lynas and we were returning the documents because they were incomplete. Then when the IAEA recommendations came, AELB imposed them onto Lynas and they had to produce new documents.</p> <p>AELB was looking at the comments from the technical and legal point of view. Although none of the comments were</p>

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		<p>based on legal and technical arguments, you can see that the concerns of the people have been reflected in the additional conditions to the license. Most of the concerns are about the PDF. This is the reason why AELB has imposed two and a half conditions related to the PDF. There was also concern about the residue, and that's why AELB has imposed conditions regarding the residue. Although the approval was made 3 days after the close of public display, AELB had been analyzing the comments from Day 1.</p> <p>AELB was doing this every day for 1 month. So it is not a last minute consideration. The comments were put into several categories. AELB also had a Public Consultative Committee (Jawatankuasa Perundingan Awam (JKPA)) that looked at the first part of AELB's analysis at their meeting on 13th Jan 2012.</p>
	<p>Is there a law to ensure that Lynas manages the residue?</p>	<p>The law in Malaysia is very clear. Licensees must appoint Orang Bertanggungjawab Terhadap Lesen (OBTL), i.e. the person who undertakes total responsibility for the license. AELB does not depend only on the letter of undertaking as guarantee; a financial security is also required. Although only 30% of residue is radioactive, if you look at the conditions, AELB has plans B, C, D, and E. It's a good decision by the Board, it is very strict and it would be difficult for Lynas not to comply.</p>
	<p>Lynas has share in Malawi, will they be allowed to import ore from other places or just</p>	<p>The criteria for allowing things to happen in Malaysia is safety. If you are unable to meet the national regulations,</p>

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	from Australia?	nothing is allowed to come in here. We have industries here in Malaysia, which import mineral ore from all over the world but they will have to meet the safety requirement. That is most important.
	Lynas claims that their residues are 37 times lower than ARE. Is it based on the sample that they have tested?	AELB has received the data and will verify that it is not a biased sample. Therefore, AELB doesn't rely on that particular sample alone. AELB will verify all the samples that come in. AELB will be doing it per shipment.
	Some say that the radioactivity of the residue will be more or less that of ARE once they are concentrated. What is your comment on this?	One of the most important criteria that the Board looks at is the radioactivity of the starting material and because it is 37 times less than the amang in Malaysia, the Board considers it to be more manageable. That is why we need the TOL, so that AELB can look at the actual residue produced to be able to confirm this. If it is higher than ARE, AELB will not allow Lynas to continue.
	Lynas said they want to start operating in the second quarter. Does AELB think Lynas will be able to fulfill all the conditions by the second quarter?	What AELB will be looking at is whether Lynas can fulfill our conditions. AELB also needs to appoint the third party assessor. We will begin when it is appropriate, when both sides are ready. We are not tied to Lynas's schedule.
	So basically, if Lynas fulfills the conditions, then AELB will appoint the third party assessor?	AELB will have to have in place this independent assessor, the Radon and Thoron environmental monitoring station and so on. AELB is now collecting the baseline data which is almost complete. AELB has taken it for almost two years within the site, within 1 km, 5 km, 20 km, 50 km and also along the transportation route from Kuantan Port To Lynas Plant. AELB has taken the background reading so that we

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		detect if there are any changes in the background radiation levels.
	Before these five conditions that AELB imposed recently, were there any conditions before?	During the stage of Siting and Construction License, AELB has also imposed upon Lynas to carry out the background check. Lynas has to have RPM, monitoring station. In fact, AELB can add more conditions. There are many requirements from both AELB and DoE. Lynas has to go through DoE because it is also under DoE regulatory control.
	So there are about 70 conditions for each stage?	There are different conditions for different stages. In the previous stage, Lynas is not allowed to bring in raw material; in the second stage Lynas would be allowed. So the previous conditions are only applicable for the first stage, but not applicable for second stage.
	Any comments regarding the DAP's nuclear physicist that wants to challenge AELB and Lynas?	AELB is very open. AELB welcomes anyone who wants to have more clarification.
	How close is AELB to appointing the third party assessor?	AELB has gone through the specifications. What AELB will do is to go through important professional bodies like the IEM (Institute of Engineers Malaysia), MMA (Malaysia Medical Association) and as well as others, for their comments on the specifications. AELB will be listening to the IEM recommendations in particular. Once that has been completed, AELB will make it public.
	Why doesn't AELB get an assessor from the IAEA?	There are 12 recommendations from the IAEA although AELB only spoke about 11. There is another paragraph

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		stating that the government of Malaysia will in time, request IAEA to come in, so that recommendation has already been incorporated into the system.
	How many are they? (The members of the assessor team)	The members of assessor team have not been identified yet. AELB has to come up with the specifications but the decision is beyond our jurisdiction. The assessment will cover radiological, chemical, construction and engineering safety aspects. This third party assessor will have to have the complete scope of competency.
	Who are the team of assessors from AELB?	AELB's team of assessors is the Enforcement Division. In addition, AELB also has a Jawatankuasa Teknikal Khas that will also do the assessment. The Jawatankuasa comprises members from the Ministry of Health, DoE and DOSH as well as from universities. The number is between 15 to 20 people.
	How can AELB make sure the appointment of the third party assessor will be not biased?	It will not involve Lynas at all. What is more important, this was one of the issues the Board looked at. Some of the comments from the public were about the 12 years tax exemption. Those comments have been taken into account in setting the conditions of the license. That is why the cost of the third party assessor will be imposed upon Lynas. AELB will not subsidise this cost and Lynas is also not involved in the appointment of the third party assessor.
	Has AELB set the maximum level of radioactivity of the raw material and the residue?	Yes, AELB has set the threshold at 1 Bq/g Generally speaking, if it is less than that, it is not radioactive. Lynas has stated in their documents that the Thorium content is

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		about 5.7 - 5.9 Bq/g. AELB will verify this. That is why AELB is regulating Lynas, and that is also why the license is required.
	Is there a possibility to invite Lynas to this briefing as well?	AELB can bring this to the attention of the committee that is being chaired by both the Secretary General of MITI and MOSTI.
	There will be a huge gathering in Kuantan by the Stop Lynas group. Have you considered going there to engage with the public?	AELB is constantly engaging with the public. AELB has always maintained what the regulations and the rules provide for.
	Does AELB think that the engagement has failed because even after so long the public still wants to lynch AELB?	The media sessions are intended to provide clarification, not to mislead. Sometimes it could get too technical, and that might lead to difficulties in understanding.
GENERAL	What is Act 304?	It's the Atomic Energy Licensing Act.
	How much is the total investment from Lynas?	AELB does not have the exact figure but we have been told that Lynas has already burst their budget because of the delay. When Lynas first announced the project, they were thinking of starting their production in the third or fourth quarter of 2011. It has now been extended since they cannot start operation until they comply with the TOL conditions. When they applied for the manufacturing license, they claimed that they will be investing about RM 2b for both phases 1 and 2. At the time of application, their initial investment was about RM 1.74b.