



## *Iluka demands Labor funding for rare earths refinery*

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### **Body**

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**Iluka Resources** has ramped up pressure on the Albanese government to kick loose more taxpayer funding to complete Australia's first fully integrated rare earths refinery.

Tom O'Leary-led **Iluka** maintains the refinery is vital to Australia's security and energy transition, as well as Labor's critical minerals ambitions, but the future of the project at Eneabba in Western Australia is in the balance.

**Iluka** spent \$49 million on the partly built refinery in the six months to June 30. It has not provided guidance for any additional spending in the second half.

The government and **Iluka** have been at a stalemate for about nine months over additional funding on top of a \$1.25 billion limited recourse loan from Export Finance Australia issued in the dying days of the Morrison government. **Iluka** revealed in February that the cost of building the refinery had blown out to \$1.7 billion to \$1.8 billion after previously alerting the market that the price tag was much higher than initial estimates.

A spokesman for **Resources** Minister Madeleine King said taxpayers would expect the government to carry out a "robust and rigorous" assessment when considering a financial commitment of the size required by **Iluka**.

"Proper examination and consideration of financing options takes time," the spokesman said.

Rare earths experts note the government has made a risky each-way bet in refining by agreeing to part-fund the Gina Rinehart-backed Arafura Rare Earths project in the Northern Territory.

**Iluka** managing director Tom O'Leary said yesterday the minerals sands miner and processor would not complete its refinery without more government funding. He was speaking after **Iluka** declared a fully franked 4¢-a-share interim dividend and net profit after tax of \$133.7 million, down 33 per cent on the same time last year.

"I've noted many times before the risks and opportunities that this investment presents. I've also been clear that **Iluka** requires an appropriate risk-sharing partnership with the Australian government in order to continue the refinery development," he said.

## Iluka demands Labor funding for rare earths refinery

**Iluka** remains focused on what it calls a "strategic partnership" with the government and said it was not interested in any third-party deal.

If Labor retains power at the next election and the refinery is built, **Iluka** is set to be one of the big winners from the 10 per cent production tax credit scheme. The company has also benefited from the government's intervention to kick investors suspected of having links to China off the register of rare earths play Northern Minerals.

**Iluka** intends to source heavy rare earths essential in modern weapons systems from Northern Minerals for refining at Eneabba as part of moves to break China's stranglehold on downstream processing.

Ms King's office said Export Finance Australia managed the \$1.25 billion loan to **Iluka** under the critical minerals facility. "EFA has been working closely with **Iluka**, like it would with any borrower, to assess options and identify appropriate solutions for **Iluka** to address cost increases at its Eneabba project," Ms King's spokesman said.

**Iluka** shareholders are pushing for guidance on what happens if there is no more funding from the government. The company said it would update the market this year either way.

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