



Iluka's 'critical' rare earths refinery hangs in balance

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Body

The development of ***Iluka Resources***' \$1.8bn Eneabba mineral sands refinery hangs in the balance with the company warning it needs more federal support to press ahead with the project, which it says is critical to national security and the energy transition.

Iluka originally costed the West Australian project at \$1bn-\$1.2bn, with the government's Export Finance Australia coming to the party with a limited recourse loan of up to \$1.25bn under the Critical Minerals Facility.

Costs have since blown out and the project is now expected to cost between \$1.7bn and \$1.8bn.

The Eneabba refinery is seen as strategically important given China's dominance in the global rare earths trade, a point ***Iluka Resources*** managing director Tom O'Leary was keen to make while handing down the company's first-half results on Wednesday.

"The Eneabba refinery will be a critical piece of infrastructure for both national security and the energy transition," Mr O'Leary said.

"It's an archetypal project for the delivery of Western and like-minded policy initiatives in these areas.

"I've noted many times before the risk and opportunities that this investment presents.

"I've also been clear that ***Iluka*** requires an appropriate risk-sharing partnership with the government in order to continue the refinery development." Mr O'Leary said discussions with the government were "well-advanced", and to comment further would be inappropriate given the confidential nature of those talks.

"I will say though that the Australian government, our strategic partner, understands ***Iluka***'s position regarding risk sharing and also understands the merits of the Eneabba refinery, which is central to its critical minerals policy objectives," he said.

"I know shareholders' patience is limited and we are doing all in our power to delivery certainty." A spokesperson for ***Resources*** Minister Madeleine King said the EFA "has been working closely with ***Iluka***, like it would with any

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borrower, to assess options and identify appropriate solutions for **Iluka** to address cost increases at its Eneabba project".

Iluka said in its half-year report it expected to provide further updates on its rare earths business in the second half of the calendar year.

Iluka on Wednesday reported a first-half profit of \$133.7m, down 34.4 per cent on the previous corresponding period, on revenue of \$606.2m, down 14.9 per cent.

The company said three key factors played into the result: subdued activity globally in the construction and real estate markets, a strategic decision to build ilmenite inventory, and investment in capital developments.

It said global economic uncertainty was "affecting customer buying behaviour in both the -titanium and zircon markets".

Iluka said its Balranald rutile deposit in western NSW was on track for commissioning in the second half of 2025. **Iluka** will pay a fully franked dividend of 4c a share, up 1c from the previous corresponding period. Its shares closed 2.5 per cent higher at \$5.82 on Wednesday.

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