



## **Iluka boss calls out China over rare earths prices**

Australian Financial Review

May 8, 2024 Wednesday

Print & First Editions

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**Section:** COMPANIES AND MARKETS; Pg. 18

**Length:** 489 words

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### **Body**

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**Iluka Resources** managing director Tom O'Leary has accused China of rigging rare earths prices so producers cannot make money, as it tries to advance its grip on mineral deposits.

Mr O'Leary said there were clear efforts by Chinese state-owned entities to control rare earths production, including in Western Australia and Victoria. "This is taking place via a number of binding offtake agreements with various companies, and via ownership, as in the well documented case of Northern Minerals," he said.

Northern Minerals sought a foreign investment probe of its own shareholder, Chinese businessman Wu Tao.

Mr O'Leary said the entire industry was unprofitable as China manipulated prices to further its stranglehold on the supply of minerals essential in defence, electronics and the transition away from fossil fuels. "No participant, regardless of geography, is making any money at today's prices," he said.

ASX-listed Lynas has previously claimed it was the only profitable producer outside China.

**Iluka** is further convinced pricing provided by Asian Metal indices, which are relied on by producers, is rigged. "Linking prices to the Asian Metals index only further entrenches China's market power," he said yesterday.

Mr O'Leary's attack comes amid uncertainty over the future of a part-built rare earths refinery in WA and a protest lodged by the Albanese government over an incident at the weekend involving an Australian navy helicopter and Chinese fighter jet.

**Iluka** is locked in talks with Labor about more taxpayer support to finish building Australia's first rare earths refinery after a cost blowout taking its price tag up to \$1.8 billion. It is building the refinery at Eneabba with \$1.25 billion in taxpayer-funded finance.

The company has acknowledged the government is "extremely unlikely" to advance all of the money needed.

The government has made a two-way bet on rare earths by allocating more than \$800 million in loans and grants to the Gina Rinehart-backed Arafura **Resources** and its Nolans project in the Northern Territory.

## Iluka boss calls out China over rare earths prices

**Iluka** said it was under pressure from some shareholders to monetise a stockpile of rare earths material left behind by its mineral sands mining by selling it to China.

Selling the stockpile, valued at more than \$1 billion and put up as security in return for the current taxpayer backing, would involve unwinding the entire refinery deal between **Iluka** and the government. A compromise appears likely, with Mr O'Leary and **Iluka** chairman Rob Cole telling shareholders at the annual general meeting in Perth yesterday they remained confident in the long-term value of diversifying into rare earths.

**Iluka** has no plans to sell its 20 per cent stake in \$2.5 billion spin-off Deterra Royalties to help meet the funding shortfall on Eneabba.

Mr O'Leary said China's influence over rare earths went beyond its reach in other critical minerals such as lithium, or even titanium and zircon, which **Iluka** mines too.

**Load-Date:** May 10, 2024

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