



## *Chinese to test minerals resolve*

The Australian

November 30, 2024 Saturday

Australian Edition

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**Section:** WSJ; Pg. 29

**Length:** 736 words

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### **Body**

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Chinese interests appear determined to exert influence over Northern Minerals and its strategically important rare earths project in Western Australia, -despite two major interventions by Jim Chalmers.

A mystery Chinese businessman came close to snaring a seat on the Northern Minerals board at the company's annual general meeting on Friday as the company received a second strike against its remuneration report.

The board power grab came less than three months after the Treasurer's office vowed it would investigate compliance with orders aimed at keeping Northern Minerals out of China's grasp.

Almost 48 per cent of shareholders voted in favour of an 11th-hour bid by Enping Fu to become a director, in defiance of a recommendation from the Northern Minerals board.

Mr Fu was nominated by two shareholders who had stakes of less than 1 per cent of the stock. Northern Minerals said it could not ascertain the ultimate owners of shareholdings.

Northern Minerals told shareholders it had not had an opportunity to conduct usual background checks or been able to verify Mr Fu's independence. Mr Fu submitted an outline of his education and experience in Chinese businesses in support of his nomination but did not give any other details.

Speaking after the meeting, Northern Minerals managing director Shane Hartwig said the company had been unable to contact one of the new major shareholders which came on board after Dr Chalmers ordered a China-linked fund to offload the majority of its stake.

It is understood Treasury is investigating the entities that purchased the shares divested by the Singapore-registered Yuxiao Fund.

Yuxiao sold its stake to two Hong Kong-registered companies, Qogir Trading & Service and Hong Kong Ying Tak, which each now controls about 8.4 per cent of Northern Minerals. Mr Hartwig said Northern Minerals had been unable to establish any contact with Qogir.

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The Hong Kong register of company interests shows Qogir was only registered in April and had paid capital of just \$HK10,000 (\$1970).

Ying Tak, also registered in Hong Kong, was an investor in Northern Minerals before buying some of the stock Yuxiao was forced to divest. Yuxiao took out a full-page advertisement in The Australian on October 29 to say it had fully withdrawn from the Australian investment market but continued to be positive about Chinese-Australian co-operation in critical minerals.

Mr Hartwig said he could not comment on whether Treasury, which has responsibility for the Foreign Investment Review Board, had requested information from Northern Minerals about the new shareholders.

Asked about the strong support for Mr Fu, Mr Hartwig said: "It's hard for me to comment in relation to why shareholders vote the way they do. The numbers are what the numbers are and he received 48 per cent support." Northern Minerals is strategically important as a source of heavy rare earths from its Browns Range projects about 160km east of Halls Creek in WA. Two heavy rare earths - dysprosium and terbium - are essential for modern weapons systems, including guided missiles - and Australia, along with the US, is pushing to break China's monopoly on processing.

Northern Minerals has an offtake deal to supply Iluka Resources, which has received \$1.25bn in taxpayer funding to build Australia's first fully integrated rare earths refinery but is at loggerheads with the federal government over additional funding.

Northern Minerals' former executive chairman, Nick Curtis, last year raised the alarm about suspicious share trading and requested a FIRB investigation.

Dr Chalmers had previously blocked Yuxiao from increasing its stake to 19.9 per cent. Mr Curtis eventually quit the board in the face of agitation from Yuxiao.

Dr Chalmers intervened for a second time on June 3, ordering Yuxiao to sell down its stake. The following day Northern Minerals told shareholders of a cybersecurity breach that involved corporate, operational and financial information, personnel records and shareholder information.

Mr Hartwig on Friday said Northern Minerals was the rarest of all rare earths projects based on the high levels of dysprosium and terbium in its Browns Range deposit.

The company is trying to raise about \$620m needed to develop Browns Range and is in discussions about funding through the Northern Australian Infrastructure Facility and Export Finance Australia, and with Iluka. Northern Minerals closed flat at 2c on Friday.

**Load-Date:** November 29, 2024