



## **Iluka slams rare earths 'weaponisation'**

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### **Body**

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**Iluka Resources** CEO Tom O'Leary has warned that China is weaponising its domination of the rare earths market, driving down prices to keep alternative sources out of the market while buying up access to deposits in Australia.

Speaking at **Iluka**'s annual shareholder meeting in Perth on Tuesday, Mr O'Leary said Chinese state-owned entities had a "pervasive" influence on pricing for rare earth metals, and were prepared to wear a loss to keep other producers out of global markets.

"China's dominance of the rare earths industry, which in the case of heavy rare earths is near total, is achieved through production supremacy and its influence over pricing," Mr O'Leary told shareholders.

**Iluka** is building its own rare earths refinery at its former Eneabba mineral sands mine in the Mid West of WA, but is still in -negotiations with the federal government over an extension to its \$1.25bn lending facility from the government's Critical Minerals Facility, needed to cover a construction blowout that will take the plant's cost to as much as \$1.8bn.

Mr O'Leary pointed to the Chinese government's decision in December to ban the export of knowledge and technology related to the complex chemistry needed to turn rare earth deposits into metals, saying the move was a clear indication of China's intent to maintain its industry dominance both for commercial and defence purposes.

"In addition to being essential for the production of electric vehicles and wind turbines, the key heavy rare earths dysprosium and terbium have critical applications in defence and national security," he said.

Mr O'Leary has previously backed calls for a domestic reservation of Australian-mined critical minerals, and on Tuesday said Australia and its allies needed to support a price structure for metals separate from Chinese sources of supply.

"China's influence over the global rare earths market is pervasive, including through pricing indices such as the Asian Metals Index," he said.

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He said rare earths differed from emerging markets for other metals needed for electrification of the transport industry and energy networks - such as lithium, copper and nickel - because China also dominated production of rare earths, particularly heavy rare earths.

"It is this monopolistic production, combined with interference in pricing, that is resulting in market failure; and rare earths are among very few metals where China has demonstrated a preparedness to weaponise its control," he said.

"Our CFO, Adele Stratton, will present at an investor conference in the coming days and will demonstrate through publicly available information that no participant, regardless of geography, is making any money at today's prices." The alternative to support for the establishment of new supply chains outside of China, Mr O'Leary said, was for Western governments to also accept the looming Chinese domination of electric-vehicle production, weaken defence industries that rely on rare earth elements, and put the decarbonisation of energy and transport networks in Chinese hands. "Will they acquiesce to their flagship carmakers merely managing the assembly of electric-vehicle parts supplied by Chinese companies, if indeed China is willing to permit such activities taking place at all?" he said.

Mr O'Leary said the company welcomed new foreign investment rules floated by Jim Chalmers this month, as well as the Albanese government's support for local manufacturing.

But he said more must be done to limit China's influence over Australian critical minerals deposits.

"There are clear, ongoing -efforts, including by Chinese state-owned entities, to extend their nation's monopoly by controlling Australia's rare earth deposits," he said.

"From Western Australia to western Victoria, this is taking place via a number of binding offtake agreements with various companies; and via ownership." **Iluka** shares rose 40c to \$7.99.

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