



## **FED:Iluka weighs rare earths expansion as profit slides**

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### **Body**

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**Iluka Resources** is weighing the cost of expansion into rare earths as global economic uncertainty depresses demand for its mineral sands.

The mining and processing company on Wednesday reported a first-half net profit of \$134 million, down 34 per cent from \$204 million a year earlier, as global economic uncertainty continues to weigh on sales.

Mineral sands revenue fell 15 per cent to \$606 million from \$712 million on subdued demand in the construction and real estate sectors, particularly in China.

A rare earths business update would be provided in September, managing director Tom O'Leary said, with the capital estimate for the proposed Eneabba project confirmed at \$1.7 billion to \$1.8 billion.

Discussions on "appropriate risk-sharing" are "very well-advanced" with the federal government, which understands the facility has merit as under their critical minerals strategy, he told a teleconference.

**Iluka** already has a \$1.25 billion non-recourse loan for the development of the Eneabba rare earths refinery from the government's \$2 billion critical minerals facility.

Despite softness in global construction, demand from industrial applications was steady, with prices for **Iluka's** zircon products relatively stable and contracts for synthetic rutile providing a degree of revenue certainty.

The second half of the financial year would be driven by economic and political dynamics, offset by stable European demand as industry benefits from declining energy prices, **Iluka** said.

The company declared an interim dividend of four cents a share, fully franked.

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