

Rare earths refinery to receive \$475m in government funding to challenge China's monopoly



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Byline: By national affairs editor Melissa Clarke

Highlight: The funding is aimed at increasing the domestic refining of critical minerals, which are key to technologies used in the transition to green energy.

Body

Mining giant ***Iluka Resources*** will receive nearly half a billion dollars in finance from taxpayers to develop a rare earths refinery, as part of the federal government's efforts to set up a critical minerals supply chain independent of China.

The \$475 million — mostly in the form of a loan — will see ***Iluka***'s Eneabba refinery produce rare earth oxides at an existing industrial facility south of Geraldton in Western Australia.

Rare earth oxides are used in advanced manufacturing of a wide range of items, including electronic devices, batteries, magnets, metal alloys, medical devices and defence weaponry.

China has a near monopoly on the processing of critical minerals, prompting Australia and other nations to invest more in setting up refineries domestically to reduce reliance on China.

The funding for ***Iluka Resources*** comes from the government's [\\$4 billion Critical Minerals Facility](#), which provides low-interest loans to miners and processors of critical minerals such as cobalt, lithium, nickel, manganese and rare earths.

Prime Minister Anthony Albanese was in Western Australia to announce the investment, describing it as a "really practical example of what we're talking about when we're talking about wanting a future made here in Australia".

"If we get this right, if we get the transition to net zero, take up the opportunities that are there in areas like rare earths and critical minerals, then we can be even more prosperous in the future.

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"But it will take a government facilitating that private sector investment."

Iluka Resources chief executive Tom O'Leary described the funding deal as an example of where "our own commercial objectives ... have been aligned with the policy objectives of the Australian government".

"In Australia, and particularly Western Australia, we export a lot of minerals but in terms of value addition and processing minerals, particularly critical minerals, I think we've often fallen well short of our ambition."

Resources Minister Madeleine King said the Eneabba refinery would support jobs locally and improve Australia's sovereign manufacturing capabilities.

"The **Iluka** rare earths refinery will be one of a ribbon of rare earth refineries going right across the continent, that together, will lessen Australia's reliance on a single supply chain," she said.

"China is ahead of the game. They've invested in critical minerals and rare earths and solar panels and green technologies for 30 years. I take my hat off to that investment. So, we need to step up."

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