

**11 May 2021**

## **Eneabba Rare Earths Refinery – Letter from Australian Government**

Iluka Resources Limited (Iluka) has previously disclosed that it is undertaking a feasibility study for the development of a fully integrated rare earths refinery at Eneabba, Western Australia. The company has also noted that it is engaging extensively with the Australian Government in relation to this development.

On 10 May 2021, Iluka received a letter from the Minister for Trade, Tourism and Investment, the Hon Dan Tehan MP; and the Minister for Resources, Water and Northern Australia, the Hon Keith Pitt MP. The letter is attached to this announcement and notes that:

- Iluka’s proposed Eneabba development broadly aligns with the Australian Government’s critical minerals policy objectives;
- the establishment of a domestic rare earth oxide production capability would move Australia substantially further along the rare earths value chain, create regional jobs, capture more economic benefit from Australia’s resources and build security in the global supply of critical minerals;
- Iluka is in discussions with Export Finance Australia (EFA) regarding financial support for the project, including seeking a non-recourse loan facility;
- the Eneabba refinery, if executed, would be capable of processing some third party rare earth concentrates, in addition to Iluka’s own monazite, subject to securing commercial agreement; and
- the Australian Government will continue to work with proponents of critical minerals and rare earths projects, including those that could supply concentrates to the Eneabba refinery, to consider options for support.

On receiving the letter, Iluka’s Managing Director, Tom O’Leary said “As I outlined at Iluka’s Annual General Meeting in April, the Eneabba refinery represents an exciting opportunity for the company, consistent with our longstanding plans to diversify into rare earths. It is not an opportunity without risk, nor one we will pursue at any cost, particularly given the projected returns from our Phase 2 monazite business. This is the focus of our discussions with the Australian Government, along with the potential for alignment between commercial objectives and policy objectives. I have been impressed with the quality of engagement Iluka is receiving on these matters and the letter from Ministers Pitt and Tehan is a further, important and confidence building step in this regard. Shareholders can be assured that Iluka is progressing this part of our business with the same discipline we apply elsewhere. We look forward to our continued engagement with EFA and the Critical Minerals Facilitation Office to progress the Eneabba development.”

This document was approved and authorised for release to the market by Iluka's Managing Director.

**Investor and media enquires:**

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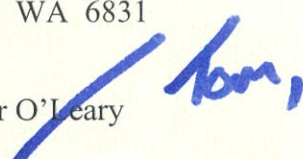
**THE HON DAN TEHAN MP**

Minister for Trade, Tourism and Investment

**THE HON KEITH PITT MP**

Minister for Resources,  
Water and Northern Australia

Mr Tom O'Leary  
Chief Executive Officer  
Iluka Resources Ltd  
140 St Georges Terrace  
PERTH WA 6831

Dear Mr O'Leary 

Further to our meeting with the Iluka Board in March, we welcome Iluka's revised proposal to develop an integrated rare earth oxide production facility at Eneabba. We look forward to the outcome of Iluka's feasibility study and of the independent due diligence process.

The Morrison Government is focused on growing Australia's critical minerals sector, capturing more value from our resources by moving into downstream processing, and diversifying global supply chains. This includes supporting Australian projects with broader benefits across the industry.

To this end Iluka's proposed refinery, if executed, would be capable of processing some third party rare earth concentrates, in addition to Iluka's own monazite, subject to securing commercial agreement. This could help develop new Australian mines by reducing capital expenditure and risk for those projects. Establishing a domestic rare earths oxide production capability would move Australia substantially further along the rare earths value chain, create regional jobs, capture more economic benefit from Australia's resources and build security in the global supply of critical minerals.

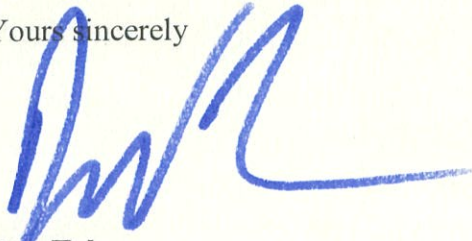
We understand you are in discussions with Export Finance Australia (EFA) regarding financial support for the project, including seeking a non-recourse loan facility. EFA and the Critical Minerals Facilitation Office (CMFO) also advise they consider the project broadly aligns with the Government's critical minerals policy objectives.

We recognise the challenges faced by companies seeking to develop critical minerals projects, including those to develop rare earths deposits, as a result of the opaque and concentrated nature of global markets. In response, the Australian Government committed to grow Australia's critical minerals sector and set out its vision in the *Critical Minerals Strategy 2019*, and the *Resources Technology and Critical Minerals Processing National Manufacturing Priority Road Map 2021*. The Government's critical minerals agenda encompasses support for the sector through research and development, project facilitation,

streamlined regulatory approvals, access to grants through the Modern Manufacturing Initiative, and project financing through EFA, the Northern Australia Infrastructure Facility and the Clean Energy Finance Corporation.

The Government will continue to work with proponents of critical minerals and rare earths projects, including those that could supply concentrates to the Eneabba refinery, to consider options for support. We encourage you to continue engaging with EFA and the CMFO to progress your project.

Yours sincerely



**Dan Tehan**

10 MAY 2021



**Keith Pitt**