Iluka Resources (ASX:ILU)

2025 Rare Earths Mines, Magnets and Motors

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Rare earths in 2025

Lots of announcements… but the same challenges remain

Why China curbing rare earth exports is a blow to the US
BBC

China boasts iron grip on rare earths despite Western efforts
FINANCIAL REVIEW

Pentagon strikes investment deal with US critical minerals producer

Unusual agreement follows growing concern in Washington over Chinese dominance of crucial weapons materials
FINANCIAL TIMES

China Is Still Choking Exports of Rare Earths Despite Pact With U.S.

Western companies are struggling to secure approvals for rare-earth imports from Chinese authorities, despite U.S.-China deal
THE WALL STREET JOURNAL

Satellite images show surge in rare earth mining in rebel-held Myanmar

Satellite images reportedly identified 26 mines in rebel-held area of Myanmar next to China and two new mines near Thailand.
ALJAZEERA

Exclusive: China quietly issues 2025 rare earth quotas, sources say

By Reuters
Reuters

TODAY'S 'INDEX' PRICING DOES NOT SUPPORT A SECURE AND SUSTAINABLE INDUSTRY

DISCIPLINED ALLOCATION OF RESOURCES TO SUPPORT BROADER INDUSTRY DEVELOPMENT

WE NEED TO SUPPORT GOVERNMENT EFFORTS TO DEVELOP A HEALTHY AND COMPETITIVE INDUSTRY

Eneabba rare earths refinery

Solvent extraction 1 (SX1), Eneabba rare earths refinery, Western Australia

Construction progressing on schedule at Australia's first fully-integrated refinery for the production of separated light and heavy rare earth oxides

- Equipment arriving on site in preparation for placement including:
  - mixer settlers
  - agitators for the SX building
  - pylons for rotating kiln
- Detailed earthworks complete; concrete installers on site and progressing well
- Total estimated capital cost remains A$1.7-1.8 billion
- Spent and committed expenditure of $1.0 billion at 31 July, representing ~57% of the total capital cost

Refinery production capacity

Max TREO Capacity	NdPr Oxide Capacity	Dy/Tb Oxide Capacity
23k tpa	5.5k tpa	750 tpa

Eneabba rare earths refinery, Western Australia

Eneabba rare earths refinery, Western Australia

Eneabba Workers Camp, Western Australia

Eneabba Concentrator, Western Australia

Longevity and future feed sources

A strategic infrastructure asset capable of processing a broad range of feedstocks including mineral sands concentrates, hard rock concentrates and ionic clay carbonates

Eneabba stockpile

1 million tonnes of concentrate rich in light and heavy rare earths

Current operations

Jacinth-Ambrosia and Cataby continue to supply rare earth minerals to the stockpile

Projects

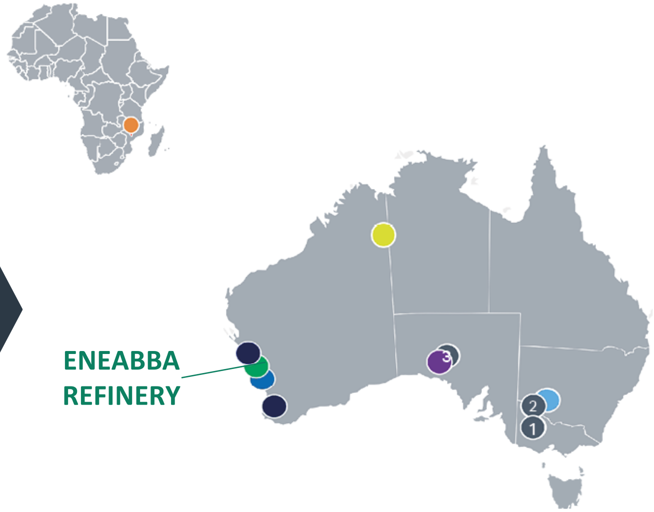
- **Balranald** (commissioning); will supply ~4ktpa of rare earth concentrate
- **Wimmera** (DFS); could supply ~15ktpa of rare earth concentrate for 25+ year life[1]

Iluka holds the rights to numerous projects, the above are two primary examples

Third parties

Existing supply agreements include:

- **Northern Minerals** for the supply of rare earth concentrate containing 30,500t[2] of rare earth oxides
- **Lindian Resources** for the supply of 6,000tpa of rare earth concentrate for 15 years[3]



Iluka Operations

- **Eneabba Rare Earths Refinery**
  Refining: rare earths
- **Cataby Mine**
  Mining: ilmenite, zircon, rutile, rare earths
- **Jacinth-Ambrosia Mine**
  Mining: zircon, rutile, ilmenite, rare earths
- **Balranald Mine - In Execute**
  To mine: rutile, ilmenite, zircon, rare earths

Iluka Projects

1. **Wimmera Project - Definitive Feasibility Study**
   To mine: rutile, ilmenite, zircon, rare earths
2. **Euston Project - Preliminary Feasibility Study**
   To mine: zircon, rutile, ilmenite, rare earths
3. **Atacama, Typhoon, Sonoran and Tripitaka Projects - Various Studies**
   To mine: zircon, rutile, ilmenite, rare earths

Strategic Partnerships

- **Northern Minerals**
  Browns Range - rare earths deposit rich in dysprosium, terbium and yttrium
- **Lindian Resources**
  Developing the Kangankunde mine in Malawi - mine life of 45 years

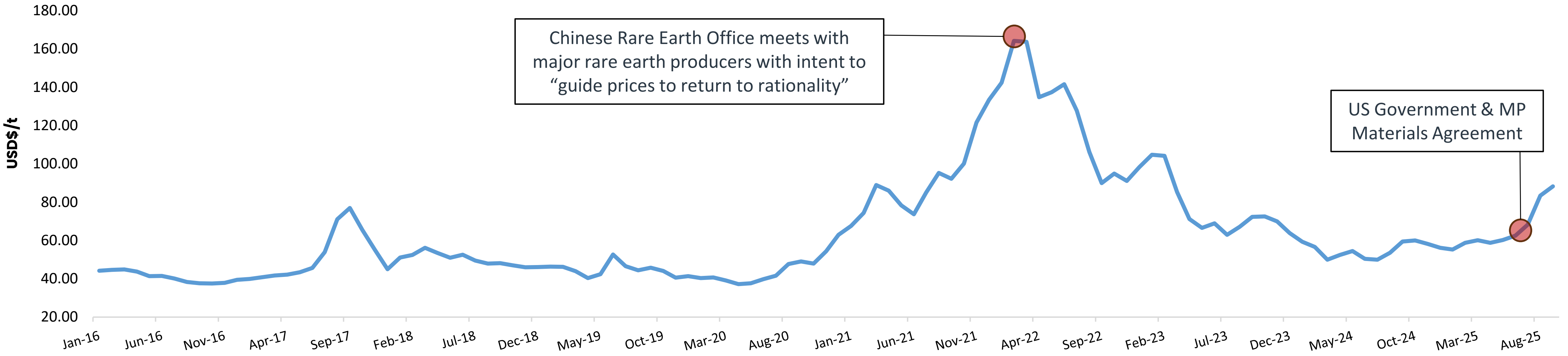
Iluka Mineral Sands Processing Facilities

- **Narngulu Plant & Capel Plant**

1. The Mineral Resource estimate was presented in an announcement released by the ASX on 21 Feb 2023 "Wimmera Ore Reserve Estimate and Updated Mineral Resource Estimate"
2. The agreement with Northern Minerals Ltd is available to view at strategic-partnership-with-northern-minerals-rare.aspx (iluka.com)
3. The agreement with Lindian Resources is available to view at rare-earth-concentrate-supply-agreement-lindian-resources.pdf

Reliance on China for rare earths and their prices

NdPr Oxide US$/kg (Asian Metals Index)



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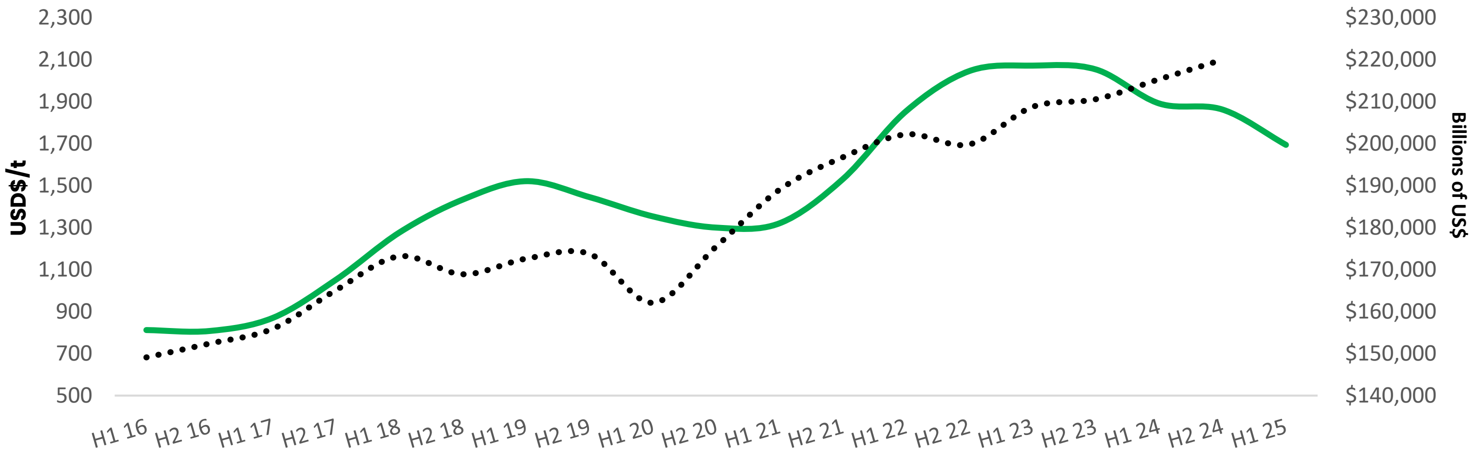
- Over 70-year history working in mineral sands
- Experience operating in opaque markets
- Knowledge of selling our products through bilateral agreements
- Strong reputation as a reliable supplier

Iluka’s Zircon (premium and standard) net realised FOB price to World GDP



Source: S&P and Iluka, pricing data through 31 December 2024. Prior to 2023 Iluka did not disclose SR pricing.

Evolving supply chain

Western produced material offers the key strategic benefit of security of supply. It also offers:

- ✓ Sustainable production
- ✓ Safe processing and handling regulations
- ✓ High standards for worker rights
- ✓ Strict environmental regulations and reporting
- ✓ Lower impact production

Mining → **Refining** → **Metallisation** → **Magnet Production** → **Equipment Manufacturing**

Midstream processors provide valuable upgrading of rare earth products, but new pricing mechanisms agreed between upstream and end users are challenging roles and responsibilities.

New contracting models supporting alternatives to Chinese index pricing are under development across the value chain

Prices for non China NdFeB magnets are reported to be **significantly higher** than Chinese magnet producers

OEMs are seeking **simplified** supply chains with transparency on source and cost of raw material

Government intervention is not enough

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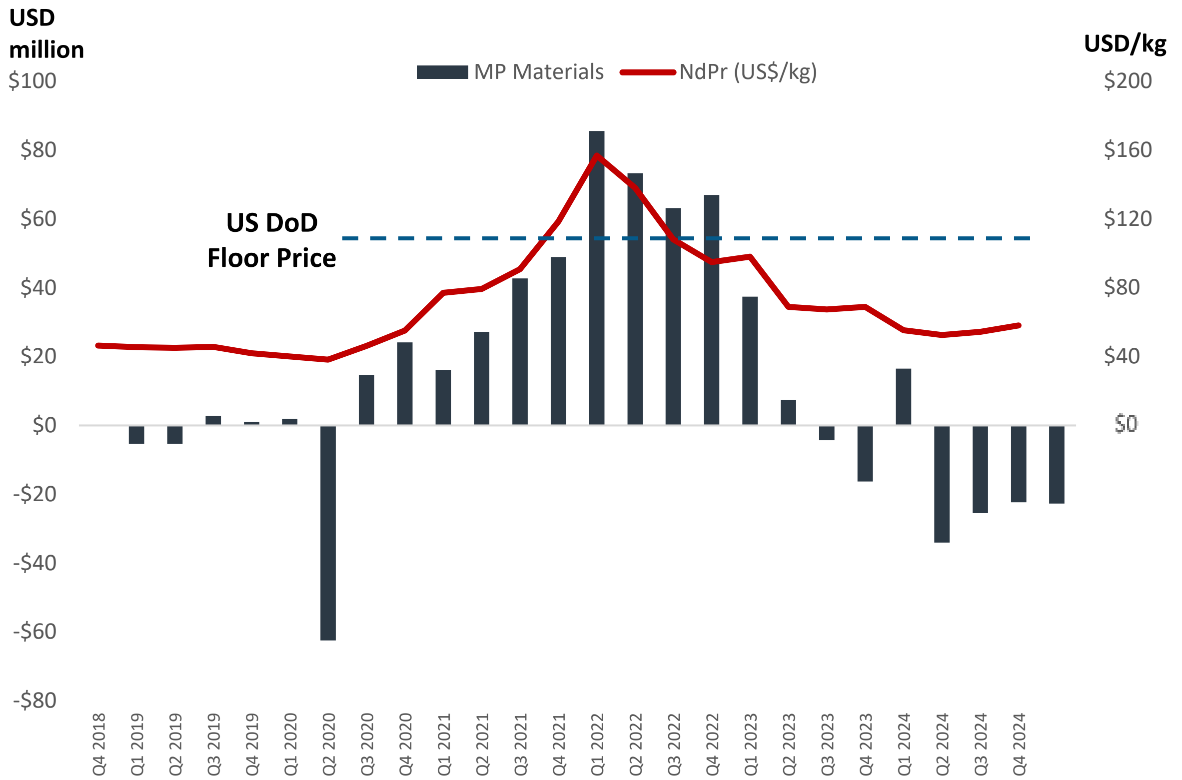
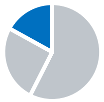
Intervention was necessary, now the downstream industry needs to support sustainable pricing mechanisms

MP Materials - Net profit vs NdPr price



NdFeB Permanent Magnets in EVs[3]

	Hybrid	Plug-in hybrid	Fully electric
Market share (NdFeB magnets deployed)			
NdFeB magnet content (2023)[1]	0.9kg	1.8kg	1.8kg
NdPr oxide per vehicle[2]	0.3kg	0.6kg	0.6kg
Cost per vehicle:			
• NdPr oxide cost at $60/kg	$18	$36	
• NdPr oxide cost at $100/kg	$30	$60	
• NdPr oxide cost at $150/kg	$45	$90	

Illustrative example of cost of government subsidy if product were to be sold below DoD floor

DOD FLOOR $110/kg

SALE PRICE $70/kg*

→ DIFFERENCE $40/kg →

PRODUCER 1 5,000t NdPr Oxide

GOVERNMENT SUBSIDY $200M P.A.

*CURRENT 6 MONTH MARKET AVERAGE TO DATE

1. Assumptions: Magnets ~30% NdPr metal, conversion ratio of 1.25x oxide to metal.
2. IEA (2021), *Minerals used in electric cars compared to conventional cars*, IEA, Paris https://www.iea.org/data-and-statistics/charts/minerals-used-in-electric-cars-compared-to-conventional-cars, Licence: CC BY 4.0
3. EV Motor Materials Monthly, Adamas Intelligence Note: Non-electric (internal combustion engine) vehicles also use rare earth permanent magnets in componentry (including power steering, electric windows and mirrors)

Pricing that offers stability

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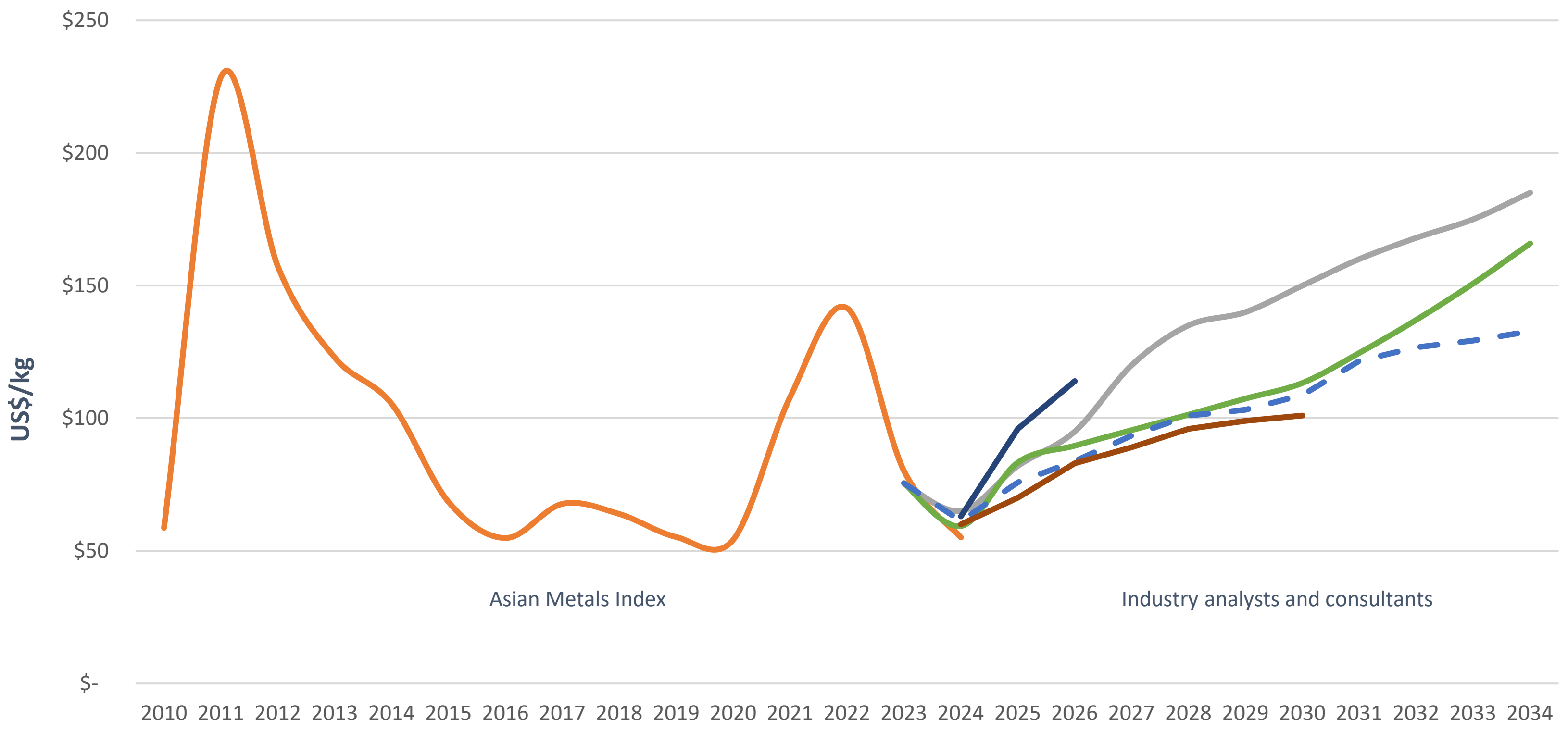
The industry needs to move towards pricing that offers stability as well as valuing security of supply, ESG compliance and long-term resilience

Forecasts move dramatically and are influenced by geopolitics – Morgan Stanley's response to China's export control laws in retaliation to US tariffs: *(May 2025) "We upgrade our rare earth price forecasts…we increase our long term NdPr price from* ***US$135/t*** *(ex VAT) to* ***US $209/t*** *(ex VAT)"*

NdPr Oxide Forecast Pricing US$/kg



A New Pricing Mechanism

Iluka's approach to pricing mechanisms aims to:

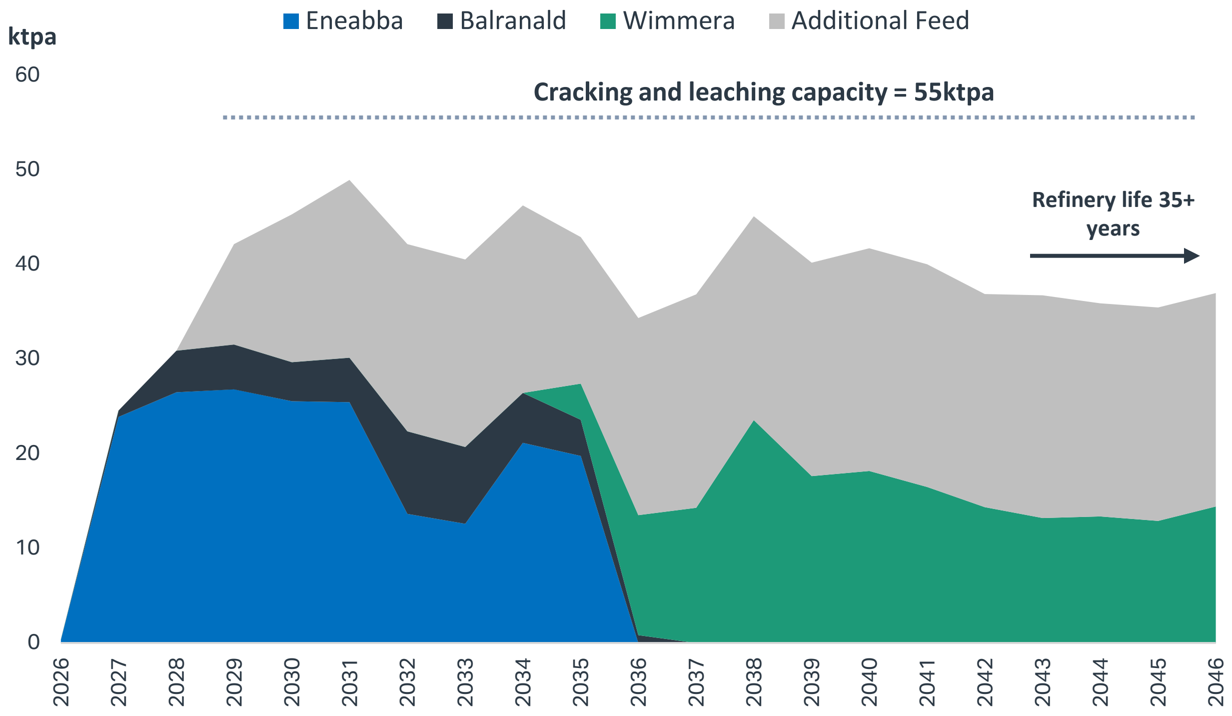
- mitigate market volatility;
- enable Iluka to commit to reliable and consistent supply;
- give confidence to continue to invest in mining projects for continuity of supply; and
- ensure sustainable operations.

Collaboration for a healthy and competitive industry

Facilities such as Eneabba offer a processing option, reducing required capital for new projects

A Processing Hub

This graph provides an illustrative production scenario for potential feedstock into the refinery, which can process a range of feedstocks simultaneously



Upstream partners share in the success and benefit from the value created by Iluka's product sales through our payability pricing scheme

Lindian Resources
Supply of 6,000tpa of rare earth concentrate for 15 years (~10% Eneabba capacity).

Northern Minerals
Supply of rare earth concentrate containing 30,500t of rare earth oxides

Eneabba Refinery

The Eneabba refinery is capable of processing a broad range of feedstocks including mineral sands concentrates, hard rock concentrates and ionic clay carbonates

Iluka's product pricing to support payback of $1.65B loan, plus continued investment in feed options and mine development

Summary

Iluka's rare earths business is making a significant contribution to the development of a sustainable industry

China's dominance threatens western and likeminded manufacturing
→ actions in 2025 demonstrate this risk is real

Iluka is delivering diversified supply and stable pricing
→ both essential to a sustainable industry

A globally material source of light and heavy rare earth oxides
→ with prices not linked to the Asian Metals Index

Industry collaboration is essential
→ governments have acted – producers and customers need to follow suit