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Tom O'Leary: Good afternoon and thank you for joining the call at short notice. Sometimes these things aren't within our control. With me are Adele Stratton, Luke Woodgate, and Dan McGrath. You would have seen our announcement to market this morning. This is an important day for Iluka. I'll make some brief comments before handing over to you for questions.

The funding package we've announced is one of the most significant investments in a critical minerals project by any government globally. I'll take the opportunity at the outset to record my thanks to the Australian Government for its vision in supporting the Eneabba Refinery and the trust it's shown in Iluka to deliver it. I think it's important to reiterate Iluka's rationale for pursuing this project.

Eneabba's a cornerstone development, a strategic infrastructure asset, that over decades will provide Iluka and its shareholders direct exposure to key megatrends driving the global economy. These include electrification, chiefly in the take up of hybrid and electric vehicles; robotics and renewable energy; and the development of genuinely independent supply chains for materials that are, at present, dominated by China.

In an era when international trade flows are expected to be impacted by the drive to de-risk single source supply chain reliance through diversification, Iluka will have a front row seat to these megatrends, producing refined, rare earth that are also essential inputs for key defence, industrial, and consumer applications, and we're sharing the risks associated with this front row seat with the Australian Government as our strategic partner.

So what does that risk sharing now look like? You'll recall in April 2022, we announced our original $1.45 billion strategic partnership. This included Iluka's contribution of the company's unique rare earth stockpile plus $200 million in cash equity with the Commonwealth contributing $1.25 billion non-recourse loan.

In December 2023, we announced expected capital cost to build the Eneabba Refinery had increased to $1.7 to $1.8 billion. We've confirmed that capital estimate a number of times subsequently and have done so again today. Iluka and the Australian Government have been in discussions throughout 2024 regarding the funding gap. These discussions have resulted in a positive outcome whereby the Commonwealth will contribute another $400 million in non-recourse debt and Iluka will contribute a further $214 million cash equity, including $82 million towards working capital.

We've also agreed a further $150 million cost overrun facility which is shared on a 50/50 basis. Details of that are set out in the release and presentation. The presentation also sets out prospective returns based on various refinery operating scenarios quantifying the immense potential of our rare earths diversification and what it means for Iluka’s investment proposition.

We’re fortunate to have a high grade, readily available feed source for the refinery in the Eneabba rare earth stockpile. This is complimented by feedstock contributions from our current mineral sands operations, including the new mine under development at Balranald in New South Wales which will be commissioned in the second half of 2025. In addition, we’re focused on progressing the Wimmera development in Victoria which will provide decades of future feedstock, as well as continuing to work with other rare earth industry participants, like Northern Minerals, to optimise future feed sources.

Again, much like our mineral separation plant at Narngulu in Geraldton or our synthetic rutile kilns at Capel, the Eneabba Refinery is a strategic infrastructure asset that will provide decades of returns for Iluka’s shareholders. Each of our current and future mineral sands mining developments will provide rare earth minerals as feedstock and the refinery in turn benefits the economics of those mines through the value uplift achieved by converting those minerals to separated light and heavy rare earth oxides.

Beyond Iluka, Eneabba is catalysing an Australian rare earths industry by providing third-party miners and developers a domestic oxide refining customer for the first time.

I further note that today’s slide pack goes beyond capital structure also to cover project delivery, operational planning and performance, marketing strategy and longevity. Each of these is critical to sustainable value.

We've presented returns profiles in two ways, using Adamas, the industry commentators price outlook and under a 10-year historic average price. The rare earths industry has attractive demand forecasts and crucially Iluka's Australian produced rare earth oxides will offer customers security of supply including in the context of the disrupted trade flows I mentioned earlier and which have again been demonstrated just this week with China's ban on critical minerals exports to the US.

Eneabba will be one of very few refineries outside China and it's differentiated from others because it will produce both light and heavy rare earths at a single, integrated Australian facility. This underpins Iluka's competitive advantage. We have a track record of delivering value in opaque markets and we'll be drawing on that history and approach to deliver value in rare earths.

We are of course looking forward to discussing all of these matters with shareholders, not just today but over the course of 2025 and beyond as we move towards commissioning the refinery in 2027 and building a genuinely independent rare earths business.

With that, I'll open up to you for questions.

Operator: Thank you. We will now begin the question and answer session. If you would like to ask a question please press star/one-one on your telephone and wait for your name to be announced. To cancel your request, please press star/one-one again. Please stand by while we accept the first question. The first question comes from the line of Chen Jiang of Bank of America. Please go ahead.

Chen Jiang: (Bank of America, Analyst) Good morning. Can you hear me?

Tom O'Leary: Yes, can hear you very well.

Chen Jiang: (Bank of America, Analyst) Thanks. Congrats Tom and Adele for reaching an agreement with the Australian Government. Just two questions from me please to compare the announcement this morning versus original funding released in 2022. So firstly for Iluka's contribution, I am wondering why the contribution of the Eneabba stockpile is not mentioned here, in addition to Iluka's cash equity contribution of around $200 million. So that's my first question.

Tom O'Leary: Yes, so if you look on slide 4, we mentioned in the middle column, that's the original funding, the original contribution, which was $200 million cash equity and the million-tonne stockpile. In the right-hand side, these are the additional contributions, the additional funding. So from government there's an additional $400 million to take them up to $1.65 million of non-recourse debt and from us, there's an additional $214 million, which would take us to $414 million, we just haven't repeated – there's no additional stockpile to be contributed, so it's just the same.

Chen Jiang: (Bank of America, Analyst) Okay, so right, so the total I guess cash equity contribution from Iluka would be $414 million.

Tom O'Leary: That's it.

Chen Jiang: (Bank of America, Analyst) And no stockpile change, okay, thanks for that. Thank you. The second question on the OpEx, back to 2022, I remember your previous OpEx was guided in AUD around $13 per kilogram on TREO, on the rare earth oxides, so I think that's roughly $160 million per annum. Then by looking at the OpEx today, the refining cost I guess is a little bit different to this, so I'm just wondering how should I think of your OpEx? By looking at the refining cost today is around $175 million and then you have US$8 per kilogram TREO, if we compare apples to apples, is that similar OpEx? So how should we think about OpEx from 2027? Thank you, Tom.

Adele Stratton: Hi Chen, it's Adele. Look in terms of the operating costs, as you say, the refinery operating costs disclosed today are the $175 million in 2024 dollar terms. So if you inflate your $160 million from 2022, you get to $175 million. So all that is is inflation over the past two years, Chen. It's just they were real dollars in 2022, these are real dollars 2024. So there's no change for operating costs.

Chen Jiang: (Bank of America, Analyst) Right, okay, that's clear, so no change in OpEx from your assessment, okay. Got it. Thank you very much. I will pass it on, Tom and Adele, thank you.

Tom O'Leary: Thank you.

Operator: Thank you for the questions. The next questions come from the line of Paul Young from Goldman Sachs. Please go ahead.

Paul Young: (Goldman Sachs, Analyst) Hi Tom, Adele, Luke and Dan. Tom, well done, we got there after 12 months, so great to see this announcement and thanks for all the detail in the presentation, it'll probably take a bit for us to get through it all.

But just a first question on the CapEx and just the construction and also pathway to first production, can you first of all, I'd be interested in Dan's views, but as far as the CapEx estimate and reconfirming that today, any indication you can provide us as to when you're ordering long-lead items and ordering equipment, how that's coming in, in line, just to give us some sort of examples of – and to provide confidence around that CapEx piece? Then also, when does construction start and when are you actually forecasting first production?

Daniel McGrath: Okay, so in terms of the CapEx, the vast majority of equipment has been awarded and much of that was over the last 12 months, so there is very little equipment outstanding, it's really minor equipment that is still yet to be committed that you wouldn’t consider to be long-lead items.

In terms of the CapEx, we're not intending to guide anything here, but internally we're pleased with the movement back or the credit to contingency. It's not material, but it's pleasing and I'm confident that in some of the works contracts, particularly around materials, such as concrete, we're going to see some positive outcomes there. Not enough to shift guidance, but pleasing nonetheless.

In terms of commissioning and first production, well the commissioning actually commences before the overall mechanical completion, I guess, in terms of project terminology, we start commission ahead of that. So the commissioning schedule is very long and that's recognising the fact that there are quite a lot of unit operations in the plant. None of them are particularly unique or at all bespoke, but there are quite a lot. So we actually start commissioning reasonably early in 2026 and we don't complete wet commissioning until the very end of 2026. We're expecting to be in production well and truly by 2027.

Adele Stratton: So Paul, we've guided commissioning in 2027 and as Dan said, there's multiple stages, we're really talking about mineral commissioning and hence you'd expect production in 2027 as well.

Paul Young: (Goldman Sachs, Analyst) Yes understood and I notice you've provided that funding profile on your equity piece, so we can follow that as far as the CapEx is concerned, I presume and outflows. Then a question on just offtake.

Adele Stratton: Sorry, just one point on that expenditure so I think it's really important to note and as you say, we have tried to be as helpful as we could in terms of the disclosure in the presentation, so on slide 8, as you refer to, we talk about our equity contribution and also the working capital contribution, our expectations and as you'd expect, working capital is in the year when you're starting to ramp up and produce the remaining equity contribution from the original loan will occur during 2025 and hence the new funding will take place in 2026 onwards. So that chart is trying to be helpful. We'll give the guidance on capital as we always do in February with the results for 2025, but yes, trying to be as helpful as we can here today.

Paul Young: (Goldman Sachs, Analyst) Yes, no, excellent. Then on the three different scenarios you've provided, somewhat we can pick our own adventure on those, I guess, but looking at the third party feed option, Tom, versus Wimmera and if you look at you're showing Northern Minerals versus Wimmera and showing Northern Minerals coming in before Wimmera in that instance.

So I'm actually just really curious around the approvals of Wimmera versus Northern Minerals and how you look at those two options as far as returns or which is the most attractive from a – and I presume that this actually indicates that Northern Minerals is actually more attractive than Wimmera, so just want to just talk about how think about that, the third party optionality and also when can we expect an update or decision on either of these projects?

Tom O'Leary: Yes, no, that shouldn't necessarily be a takeaway, Paul. What we're trying to demonstrate by these scenarios is really to demonstrate the flexibility of the refinery and also the optionality that we have as a consequence of, one, it's flexibility and, two, the options for feedstock before us. You can see in Scenario A that we could have Wimmera coming on much earlier than we illustrate in Scenario B and the timing of that will depend on kind of what you've outlined a little bit, what appears most attractive at the time.

So we'll continue to evaluate options and make an assessment when needed. In the meantime, we'll advance Wimmera as expeditiously as possible and we'll await what Northern have to say with their feasibility during the course of 2025. But this shouldn't be a takeaway that that's our preferred option, that that comes on earlier. We really need to understand the specific details of their feasibility outcome. Similarly, we're continuing to work on the Wimmera project, which is going to be a very long life, attractive assemblage project that will see us producing rare earth concentrate for the refinery for many decades.

Scenario B shows effectively what is a large Wimmera-style deposit and as you know, we have other Wimmera-style deposits in that region. Similarly, some of that could be accelerated and there are a range of third parties out there who are looking to produce concentrates that we could refine. So again, these are just illustrations and I think one of the key takeaways that you should have, I think, rather than specific timing of specific projects, is really the benefit and you can see that clearly on slide 6, the immense benefit that is driven by having the refinery slightly better utilised.

Even in the Scenario B, it's clearly not fully utilised. There's still significant capacity left untapped in NdPr and DyTb and that Scenario B is clearly the heaviest of the scenarios in terms of heavy rare earth. So what it does there is just show the enormous upside of greater utilisation in the refinery. I think that's probably the key takeaway from the slide.

Paul Young: (Goldman Sachs, Analyst) Understood. Then lastly, Tom, just on offtake, now the funding has been secured, construction is beginning, I know you've been talking to potential offtake partners and magnet producers since 2022, how does that timing play out now, or on offtake now that you've actually pulled the trigger on the refinery?

Tom O'Leary: Yes, look offtake's an interesting one. As you say, we've been engaging with potential rare earth customers for a while. I wouldn't call those engagements marketing.

It's really very much more market development. The current pricing mechanics under which rare earths are bought and sold, as you know, are that prices are directly linked to the Asian Metals Index and that's, in turn, controlled by China, so China's in a position to exercise and does in fact control rare earth pricing. It's widely known that China accounts for 90%-odd of total rare earth production and effectively 100% of the heavies.

So this pricing dynamic is one outcome of the current non-diversified supply chain and that market development work has been really critical for us because I think now it's accepted among Western and like-minded industry participants and whether that's at the mining level, processing, the emerging midstream, so the metals and magnet guys, and in EV manufacture, it's really accepted now that we must find a new pricing dynamic for the sale of rare earths into this more open, Western supply chain.

It's similarly accepted that breaking that linkage to the AMI is essential to building a diversified supply chain and an industry that's genuinely independent and sustainable. So from where we were just a few years ago, this broad acceptance is, I think, progress in the development of a rare earths market. So the big question is are we confident about achieving offtake arrangements and we are. We'd expect to have those in place closer to project completion and we're working extensively with potential customers who we understand and who we want to deal with and who've got a strong level of interest for our product and I've got to say, there's increasing awareness of this risk of a supply chain dominated by just effectively one supplier.

So look, I think we're in good shape in terms of developing that market. If we were looking to supply rare earths into the market today on a de-linked from AMI basis, I think it'd be a struggle and the consequence of having to go with AMI is that the whole industry is losing money. So that's the importance and the general acceptance, I think, in the industry that we need to break away from an AMI linkage and that's what we've been focused on. As I say, I think it's really landing with customers and with the rest of the industry, so I'm confident that we'll get those in place in plenty of time.

Paul Young: (Goldman Sachs, Analyst) Okay, good stuff, thanks Tom.

Tom O'Leary: Thank you.

Operator: Thank you for the questions. Our next questions come from the line of Al Harvey from J.P. Morgan. Please go ahead.

Al Harvey: (J.P. Morgan, Analyst) Yes, morning team. Maybe just firstly following up on Paul's earlier question, I know the scenarios aren't set in stone, but just conceptually, presumably the higher NPVs for Northern Minerals or earlier pull forward of putting that through, would be a reflection of you guys obviously not contributing much in the way of CapEx to that side of your equity stake.

So I'm just trying to get a sense of how do you guys get comfort that those kind of projects that will get funded, I suppose, in the context of softer rare earth markets and I suppose is that a risk that potentially the Australian Government or companies like yourselves who have, I suppose, the infrastructure, end up having to foot the bill for getting some of these projects up and running?

Adele Stratton: Hi Al, it's Adele. So to reiterate a little bit of what Tom has already said, I would not want people to take away that these are the optimal production profiles. It really is around illustrative examples. So I think it would be an incorrect conclusion to say our preference is to have Northern ahead of Wimmera. What we're saying is we have the capacity and optionality to take a whole range of feedstocks and a whole range of outputs.

So coming back to your broader question around project development and those triggers and drivers to bring these projects on, that really goes to Tom's point also on market development, an acknowledgement and an awareness that there needs to be an independent supply chain for whereas to ensure that security is out there. So we have confidence that the market will understand that in time, Al and therefore will support a whole range of projects.

There's announcements all the time in terms of new rare earth projects that are entering into the market that could provide potential sources of feedstock to the refinery. That's both obviously our own as we're progressing Wimmera, it's an important development and is a multi-decade investment, so that's how we think about that development.

Al Harvey: (J.P. Morgan, Analyst) Thanks Adele. I guess the biggest swing factor there is how long it takes the market to appreciate the ex-China premium, and given the base case only has nine years of life. I suppose, hopefully, we get a better appreciation of that within that time, but I suppose it does present some kind of a risk.

Maybe with other things…

Adele Stratton: Yes, I think – just to address your point, the nine years of life that you're talking commences in three years' time. Hopefully, certainly, we've had enough period of time that there's a market acceptance and awareness.

We've all seen the fundamentals of the rare earth market, and I think that's a key thing here. If you look at the supply and the demand, I don't think there is that many questions around the demand outlook.

There may be questions around when that - what's the take-up rate of electric vehicles or renewable energy, or all the other applications that are coming into this market, but I don't think there's much question around whether that demand is coming, is just a question of timing.

Al Harvey: (J.P. Morgan, Analyst) I suppose then, just maybe touching on the forecast price assumptions. It's good that you've used the 10-year average, noting that's a real number. I guess I just want to try and get a sense of how confident or risk tolerances you guys have. What kind of breakeven price the economics are based on?

If we ran spot through these different scenarios would that - would it still wash its face?

Adele Stratton: Yes, look, so, I think that really goes to the broader investment offering to see what we consider. So we've been really clear over the past 24 months around the importance of the strategic partnership and the risk sharing, and the structure of that financing. It's quite unusual for companies to get a $1.65 billion non-recourse loan to its core mineral sands business.

That is quite important in terms of the balancing of risk and returns, but going to your comment around pricing. The reason we gave the range of scenarios is because, as you say, there is some uncertainty given the way that current prices are determined in this market around what that future may look like.

We've used Adamas, who are very well-known in the industry. They do what I consider fundamental analysis, including on inducement pricing, what is needed in order to bring on supply into this market. So very much that medium-term fundamental investment pieces.

Also acknowledging that there has been trends historically in this market that have certainly had an influence on pricing, so that's the importance of the backwards look as well.

So giving both analysts and investors a range of views in terms of what this optionality of the refinery presents and the potential returns. So it's important to note the risks and as I've said, how we've dealt with them through the financing structure as well as the opportunity.

Al Harvey: (J.P. Morgan, Analyst) Sure. Thanks, Adele. I might queue up again.

Operator: Thank you for the questions. The next question comes from Glyn Lawcock from Barrenjoey. Please, go ahead.

Glyn Lawcock: (Barrenjoey, Analyst) Hi, Tom, and Adele. Look, just a clarification, I might have missed it at the start but just the $1.8 billion CapEx, is that inclusive of the $320 million spent to date because I note you are excluding that from NPV calculation now as well?

Adele Stratton: Yes, that's right Glyn. So Slide 8 gives you the breakdown of the $1.7 billion to $1.8 billion and you can see the refinery sunk CapEx in that table. Yes.

Glyn Lawcock: (Barrenjoey, Analyst) Okay. Cool. Is there a reason why you've excluded it from your NPV calcs? I mean, obviously, your base case scenario with $228 million, you put $320 million in front of that, it's actually negative.

Adele Stratton: Yes, well I think our base case is actually $869 million, Glyn, in terms of Adamas pricing outlook, but just in terms of general NPV, I'm sure I don't need to explain this to you, when you strike an NPV at a certain date being 1 January 2025, then you look at the cashflows that are included in that. So you wouldn't ever go backwards and look at those.

So, as you say, it's a very easy maths equation for people to do. So it's just economics 101 really.

Glyn Lawcock: (Barrenjoey, Analyst) Yes, no, I get it. I get it. It's fine. Then just - I know that - obviously, the biggest concern is the markets looking at this going, we haven't seen a price other than the 10-year average at that level, that spots heavily weighted by China interreference at the moment.

I think Tom you said you don't expect to be able to get a price today. I mean, there are other incumbents in the market with some spare volume, they can't get a better price today either. What - I'm still struggling to understand why you would have the confidence in two years' time you can get a better price. In two years' time but you don't feel you can get it today.

Tom O'Leary: Well, look, Glyn, we don't have it to sell today. We have it to offer in 2027 and beyond. In terms of people having spare capacity today, I really question that premise. The incumbents are pretty committed to their existing customer base is what I would say. So the extent to which there is spare capacity is - I'd query.

There is also growth in the market and a growing desire to be more independent for requirements in this required, and so you can see that with a number of countries, the US in particular I would say, looking to de-risk single-source supply chains, specifically China.

So going forward, I'd expect an ever greater emphasis on that de-risking. So we would expect a desire for more non-China rare earths. That's kind of the premise.

Glyn Lawcock: (Barrenjoey, Analyst) Yes, no, I understand that, Tom, and I appreciate it. It's always hard.

So just a final one then, if you think about your expectation on first production, do you have a sense of when you could give us some comfort? I mean, obviously, the market uncertainty is not going to be good for the share price. So what's the earliest you think you could give us some comfort around price?

Tom O'Leary: Look, Glyn, I think - I don't know if Dan is going to have anything to add but I think we'll be updating the market as we go along in terms of how the construction program is performing. So as we go along that will become more and more certain over time.

Glyn Lawcock: (Barrenjoey, Analyst) All right, but you can't give us an expectation, we're just going to have to trod along and wait for it to happen?

Adele Stratton: Glyn, are you talking about construction here? Sorry, I'm a little bit confused by the question.

Tom O'Leary: I think he was talking about construction, weren't you, Glyn?

Glyn Lawcock: (Barrenjoey, Analyst) No, I'm trying to understand on price, that's all. I just - am I going to have to wait until three years from now, a year from now? The market looks at the spot market and goes, that price makes it un-economic. The 10-year average seems maybe - maybe it's right, maybe it's not but I guess until you can give us some comfort that you've locked in a price that's better than spot, unless spot goes up and then we'll all be happy anyway.

I guess I'm just trying to understand how long the market has to be uncertain for?

Adele Stratton: Glyn, my only comment on this, and I think you and I have had this discussion before, around if you think about just general investment decisions, I'm not too sure there are many companies or commodities that look at the current spot price and form their future investment decisions on one point in time.

Normally, as I said before, it's on that fundamental supply and demand and what inducement pricing are. That's the case in a range of commodities and the specifics, as I say, we've talked about previously. So, yes, it's always interesting to do sensitivities on current spot pricing, but it is - normally, in a spot price it's willing buyers and willing sellers. It's a functioning market and I think that's what makes this a little bit different.

To your point, when we think about the investment decision, we think long-term investment, fundamentals of the market, what is required, and I think that's pretty clear. History is always a good demonstration sometimes of that as well, Glyn, so hence why we gave the range of views.

In terms of when will we enter offtakes? You would normally expect those to be closer to when you're at production.

Glyn Lawcock (Barrenjoey, Analyst) Yes. I mean, I get it, Adele. You hit the nail on the head. You said, functioning markets. We've never had a functioning rare earth market to your point. Whenever we do these projects in other commodities, we have an LME, it's not manipulated to your point.

So, I guess, as a market…

Adele Stratton: Yes, so I think - well, all I would say is that one of the benefits that Iluka probably brings to this market is our ability to operate in what are very opaque markets in the mineral sands, and we've done that. I'm sure you can comment on that, effectively over the past 50/60 years.

A good example being the off-takes we put in place for Cataby. They were the first of their kind in the mineral sands market. So it's certainly possible Glyn and we've demonstrated that in the market that we currently operate in.

Glyn Lawcock: (Barrenjoey, Analyst) Yes. I'll guess we'll just have to see. China seems to be entering the mineral sands market in Africa now and trying to manipulate that. So I guess we've got to be careful of them in there too.

Thanks very much for your time, I appreciate you indulging my questions. Thanks.

Operator: Thank you for the questions. Our next question comes from Austin Yun from Macquarie. Please, go ahead.

Austin Yun: (Macquarie, Analyst) Hi. Morning, Tom, and the Team. Just wondering if you could just provide more colour on what was holding up the negotiation? Was it just the amount, the dollar amount, or the terms, or there was some other considerations?

The second part of the question is, has the Government got any influence over the operational parameters for this project? Thank you.

Adele Stratton: Sorry, Austin. I didn't quite catch your second question. Sorry.

Austin Yun: (Macquarie, Analyst) Yes. Just considering the non-economic factors given that the non-recourse loan provided by the Government, do they have a say in terms of the utilisation rate of the facility? How you operate the facility. Yes.

Adele Stratton: Oh, okay. Yes.

Tom O'Leary: So, no is the short answer to the second question but they, like us, would obviously want the utilisation rate to be very high.

On the first question in terms of why has it taken so long. Look, I think it is a function, as you say, of the amount in large part. It's a very significant loan, as we've indicated. The Government obviously needs to go through a range of processes, and analysis, and evaluation, and testing to assess whether it's regarded as appropriate in the context of their policy agenda.

So ideally, it would have been more rapid but nonetheless, we've reached what I think is an attractive outcome today.

Austin Yun: (Macquarie, Analyst) Okay. Thank you. Just a follow-up on that. If I were to add all of the numbers together, the additional funding from the Government is much larger than the funding gap based on your project CapEx. On top of that, you also have a cost overrun facility. How did you come up to those, how did you arrive at those numbers? I mean, the total number will be around $2.2 billion, right?

Tom O'Leary: No, no, the CapEx won't be $2.2 billion. The CapEx, as we've clarified again today, is a total of $1.7 billion to $1.8 billion and that's including…

Austin Yun: (Macquarie, Analyst) I understand.

Tom O'Leary: … the refinery's sunk CapEx. You know, there is – you need to take into account capitalised interest over the course of the build process, the construction process, so that needs to be funded as well, and so we have facilities for that and, as you say, we have cost overrun facilities in place as well, which are not expected to be drawn.

Adele Stratton: Yes, and then the other point Austin has been the working capital. That obviously is a component of funding before you start receiving revenue.

Tom O'Leary: As you can see on Slide 8 that's expected to be needed to be made available some time in 2027, that working capital amount.

Austin Yun: (Macquarie, Analyst) Understood. Just a last question, in terms of your cost overrun, which part of the project have you identified as the most risky area of potential overruns?

Adele Stratton: Austin, the cost overrun facility is a general facility, as Dan's already touched on and I think from Paul Young's question earlier, we've got about 25% contingency remaining of the capital spend left to go, so Slide 8 gives you that breakdown, but I wouldn't say we've got any expectation in terms of cost overruns on any particular part of the plant. As I mentioned, Dan has already noted that the majority of equipment packages have been awarded, so yes, I wouldn't say there's any particular concern in any area of the refinery.

Tom O'Leary: Clearly, Austin, we'll remain vigilant throughout that construction process.

Austin Yun: (Macquarie, Analyst) Thank you.

Operator: Thank you for the questions. One moment for the next questions. Our next questions from the line of Dim Ariyasinghe from UBS. Please go ahead.

Dim Ariyasinghe: (UBS, Analyst) Thanks Tom, thank Adele and congratulations.

Just a couple from me. Just on the $400 million in additions. I think a condition to that was that you had some offtake agreements in place to the satisfaction of the Australian Government. Can you just give us a bit of colour on who that is. I presume it's not China. Japan's filled up with Lynas. Maybe, who can you sell to, I guess.

Tom O'Leary: Yes. There are a number of EV manufacturers around the world and I'd – there's the Japanese, as you've pointed out, who Lynas supply. The Koreans are obviously very successful in the EV space. The US car manufacturers are continuing with their EV plans, there has been some delay in the uptick of EV acceptance in the US but nonetheless, those manufacturers are continuing with their plans and the Europeans are also advancing EV plans. There are a range of markets out there, Dim.

Dim Ariyasinghe: (UBS, Analyst) Yes, but just to be clear, it's very early as a market that is developing, and this is magnet demand that doesn't exist yet. These plants haven't been built yet I presume, so you're growing with the market, I guess, that's your underlying…

Tom O'Leary: Yes, that's right. I think we are seeing metal and magnet players advancing in the US and elsewhere, so we think that in time that midstream will be available.

Dim Ariyasinghe: (UBS, Analyst) Yes, thanks. Then, I guess just on the DyTb, you haven't talked about the heavies so much, but I guess these are pretty small markets, I think 2,500 tonnes and you're looking potentially to bring in around 600 tonnes. I'm just trying to understand what sort of stress testing you've done around price, noting that relatively speaking, the heavy price has fallen against NdPr this year.

Daniel McGrath: The capacities that we've allowed for in terms of Dysprosium and Terbium are significant and that was informed by the preferences of customers for a particular type of magnet and performance, as well as the mixture of feedstocks that we had available.

Now, all our customer engagement thus far has been such that interest in our heavy supply is at or even beyond our capacity to produce heavies, and that is because ultimately it's been, in my mind, supply restricted demand right now, so should the abundance of heavy rare earths and the security of supply be available to the market, I'd be very confident that our customers, the customers that we've been talking to, would be well capable of taking our entire production output.

Dim Ariyasinghe: (UBS, Analyst) Okay.

Tom O'Leary: I was just going to say, in short the reduction in what many call the spot price, which as Adele has pointed out is not really a spot price because there aren't the buyers and sellers which would normally dictate a market, but the pricing set by China for DyTb has reduced somewhat this year, but that in no way indicates the level of demand and pull that we see from potential customers for heavies.

Dim Ariyasinghe: (UBS, Analyst) Okay, cool. Thanks. Maybe just one quick one, maybe for you Adele, just to refresh us on the balance sheet relative to this additional equity contribution, $214 million, if you could just walk us through that. At the half you had cash like $130 million or something, but how do you see that going forward?

Adele Stratton: Yes, so that's exactly right, Dim, so obviously we'll provide our update with the quarterly in relation to our current cash balance, but as you say, we were in that net cash position in September and at the half year. If you think through in terms of the cash generating capability of the mineral sands business, I know that we've talked about that many times over and that has been instrumental in supporting the growth of our mineral sands business over the past decade or two, it's been self-funded growth in the mineral sands.

If you think what we've tried to help the market with is the timing of those cash requirements for the rare earths business, so $100 million in 2025 and a bit more in 2026, so certainly well with our capacity.

Dim Ariyasinghe: (UBS, Analyst) Okay, thank you. Thanks guys.

Operator: Thank you for the questions. Our next question from the line of Tom Prendiville from Canaccord Genuity. Please go ahead.

Tom Prendiville: (Canaccord Genuity, Analyst) Thanks. Good morning, Tom, Adele and team. Maybe just a follow up on the previous balance sheet question. Would you consider monetising the Deterra stake to provide a bit of additional balance sheet flexibility, noting your outlook has a pretty heavy CapEx profile ahead of you with Eneabba, Balranald and potentially Wimmera. I know you have said in the past it is a higher cost of capital given the capital gains tax associated with any sale there, but would today's announcement change your views there at all?

Tom O'Leary: No, I don't think so. The CapEx requirement for this project from Iluka is kind of indicated on Slide 8 over the next few years, including that working capital piece in 2027. The spend that we'll undertake for the refinery is obviously far larger, but it's going to be funded largely by that non-resource debt from government.

Clearly, we'll be highly leveraged when you look at that debt in absolute terms, but when you reflect on the fact that it is non-recourse debt and the amount that Iluka will be contributing is as set out on Slide 8, I don't think it will be the challenge that some might indicate.

The Deterra stake, as you say, would be very expensive capital and for those that haven't followed that, a sale of the Deterra shares or any of them to raise capital would incur 30% of the proceeds as capital gains tax, so very expensive capital. So, no, I think the answer is. We would not.

Tom Prendiville: (Canaccord Genuity, Analyst) No worries. Thanks, Tom. I'll pass that on.

Tom O'Leary: No worries, thank you.

Operator: Thank you. I'll hand it back to Tom for closing.

Tom O'Leary: As I said at the beginning, not a great time for a call, Friday lunchtime, so thank you very much for taking the time and look forward to catching up with shareholders on this and other matters as soon as practicable. Thank you.

End of Transcript