

Overview – Developing Critical Mineral Supply Chains

Your election commitment

- 1. Establishment of a Critical Minerals Strategic Reserve** to leverage the strategic value of Australia’s resources to respond quickly to prolonged supply disruptions or emergency situations faced by Australia and its allies.
 - Will focus on a **subset of critical minerals including rare earths** that are most important for national security and Australia's likeminded partners. **s 47C**
 - The Reserve will have two mechanisms:
 - National Offtake Agreements** – voluntary contractual agreements to acquire volumes of critical minerals from commercial projects, or options to purchase at a given price holding security over them; and
 - Selective Stockpiling** – of critical minerals produced under offtake agreements when warranted.
 - Operational in the **second half of 2026** and will be supported by an initial investment of \$1.2 billion, including a **\$1 billion increase to the Critical Minerals Facility**, and \$185 million to establish physical stockpiling in Australia

Within the first 30 days, the issues that require your consideration are:



#1 **Agreement on the design of a Critical Minerals Strategic Reserve**

Establish taskforce.

Seek agreement from the Prime Minister to the Critical Minerals Strategic Reserve Taskforce Terms of Reference.

#2 **The Prime Minister’s G7 engagement on critical minerals**

Government consideration of parameters for a G7 Critical Minerals Action Plan and associated pledge. You could consider possible attendance at the G7, alongside the Prime Minister

#3 **Pending CMF Transactions**

s 33(a)(iii) & s 47C

1

s 33(a)(iii)

1. Supply chains are more concentrated

The IEA CM Outlook 2024 reported that concentration of processing in the supply chains of critical minerals such as nickel, cobalt, lithium, rare earths have all increased since 2020.

Approximately 75% of projected supply growth though to 2030 for lithium, nickel, cobalt and rare earth elements comes from today's top three producers.

s 33(a)(iii)

s 33(a)(iii)

s 33(a)(iii)

- Critical Minerals Strategy 2023-2030
- Strategic Materials List
- Critical Minerals R&D Hub
- Adding nickel to the critical minerals list
- Signed 7 new international agreements
- Critical Minerals Production Tax Incentive and National Productivity Initiative.

Government investment to date:

- Critical Minerals Facility – \$2.6 billion
- Northern Australia Infrastructure Facility – \$400m
- National Reconstruction Fund – \$240m
- Grants - \$139 million

s 33(a)(i) & s 47C

A 2023 PwC report commissioned by DISR concluded that successfully moving downstream could add up to \$139.7 billion to the Australian economy and generate 262,000 jobs by 2040.

s 47C

Announced capital expenditure for later stage projects



s 47C

Delivering your election commitment

Establish a Critical Minerals Strategic Reserve

OBJECTIVES

Clarify the primary objective/s: the announcement listed rare earths and stated the primary consideration was for strategic reasons.

The Election Commitment differentiates between minerals pursued through offtake arrangements and those that may be accumulated in a stockpile (modest and time-limited in most cases).

The Taskforce will consult on and finalise the objective (s) and scope of the Reserve. The objectives of the Reserve will influence:

- the minerals targeted
- the mechanisms for securing and managing offtake agreements
- the mechanisms for securing and managing a stockpile.

Potential
Objective

1

Link to international supply chains

- s 33(a)(iii) & s 47C

Potential
Objective

2

Provide surety of supply to domestic and/or international strategic sectors

- s 33(a)(iii) & s 47C

Potential
Objective

3

Price stability for domestic producers (by contracting offtake at an agreed price)

- s 33(a)(iii) & s 47C

Delivering your election commitment

Establish a Critical Minerals Strategic Reserve

DESIGN

Influenced by the objective, the design of the Reserve will need to consider a range of issues

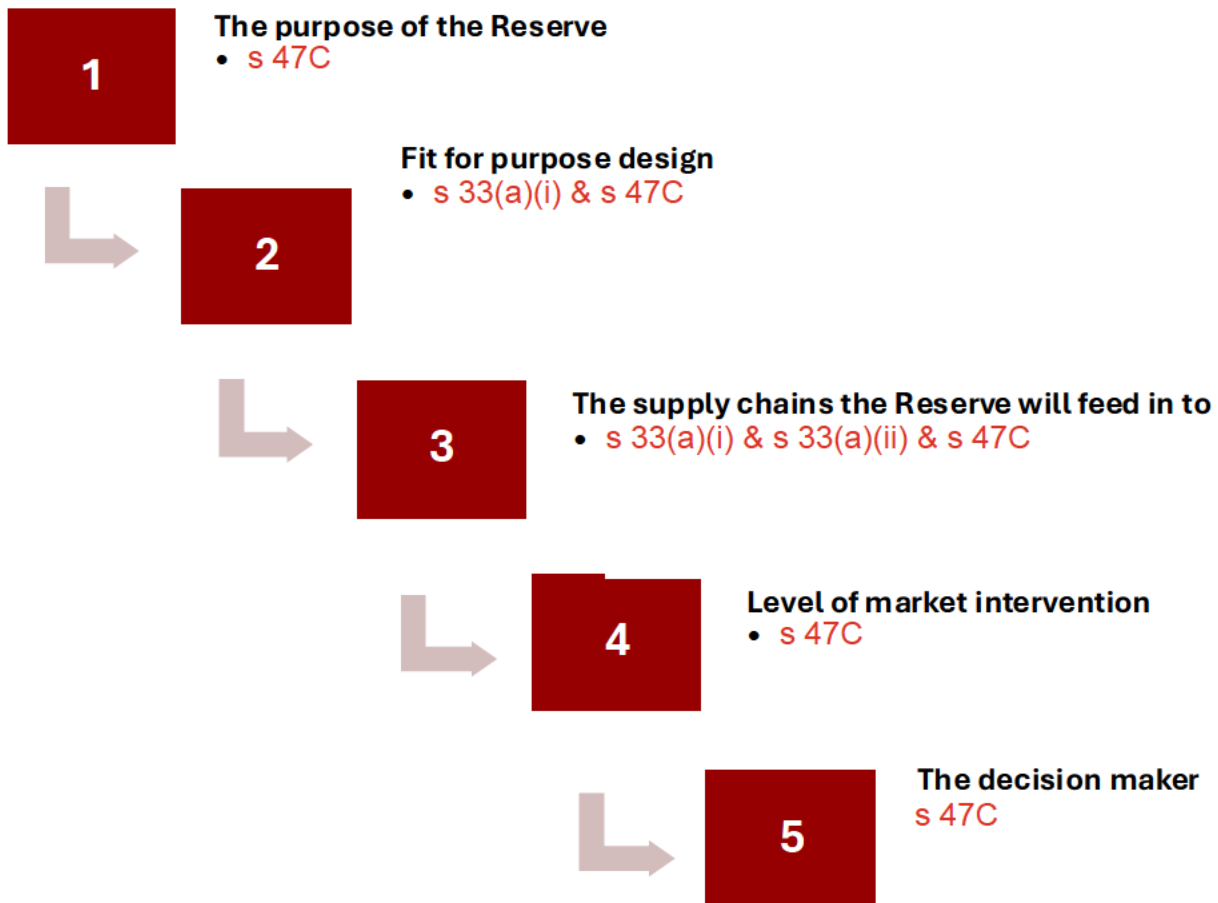
Design issue	Considerations
s 47C	
s 47C	<ul style="list-style-type: none">s 47C
s 47C	
s 33(a)(ii) & s 33(a)(iii)	
s 47C	

Delivering your election commitment

Establish a Critical Minerals Strategic Reserve

POLICY AND LEGAL CONSIDERATIONS

Iterative legal advice is required



Delivering your election commitment

Establish a Critical Minerals Strategic Reserve

NEXT STEPS: First 120 days

June

The department will brief you on the Critical Minerals Strategic Reserve including to:

- Write to the Prime Minister to confirm the terms of reference for the Taskforce **s 47C**
- Agree to a consultation plan for domestic and international stakeholders

July

Establish the Taskforce

- To manage the implementation of the Reserve
- **s 47C** confirm scope and purpose of Strategic Reserve

August

Commence consultation

- Industry and industry groups (both upstream and downstream)
- International partners
- Potential for follow up roundtable discussions

Sept

s 47C

- Final design details and selection of minerals
- Operation of the \$1 billion committed under the CMF, and \$185 million for selective stockpiling
- Authority to support legislative drafting

Delivering your election commitment

Establish a Critical Minerals Strategic Reserve: TIMELINE – 18 MONTHS TO DELIVER

2025: June	July	August	September
<ul style="list-style-type: none"> Taskforce Terms of Reference Consultation plan 	<ul style="list-style-type: none"> Taskforce stood up (July 2025 to Dec 2026) – secondments in place s 47C Bid for legislative resources Scope CMF with EFA, DFAT Consider process for offtake Consider minerals Consider trigger for selective stockpile/s 	<ul style="list-style-type: none"> Consult industry & international Confirm industry & mine maturity can meet the Reserve's objectives Confirm key international partners' appetite/ views/ requirements Scope legislation: AGS & OIL s 47C 	<ul style="list-style-type: none"> s 47C Final design details Selection of minerals Operation of the \$1B committed under the CMF, and \$185m for selective stockpiling s 47C
October	November	December	2026: January
<ul style="list-style-type: none"> s 47C 	<ul style="list-style-type: none"> Legislative drafting instructions commence 	<ul style="list-style-type: none"> Legislative Bill process s 47C 	<ul style="list-style-type: none"> Legislative drafting
February	March	April	May
Legislative drafting	Legislative drafting	Legislative drafting	Winter bidding period
June	July	August	September
Winter bidding period	<ul style="list-style-type: none"> Entity officially stood-up 	<ul style="list-style-type: none"> Industry engagement 	
October	November	December	
<ul style="list-style-type: none"> Entity considers offtake opportunities 	<ul style="list-style-type: none"> National Offtake Arrangements signed 	<ul style="list-style-type: none"> Taskforce concludes (if not already) 	
2027: Entity manages the Strategic Reserve, including National Offtake Arrangements and Selective Stockpiling.			

Complementary measures to support the establishment of a Critical Minerals Strategic Reserve

Financing

1 Consider how the CMF will support the Reserve's objectives



CMF Pipeline

- s 47C
- Decisions on Reserve design will determine prioritisation of future CMF proponents

Technical capability and skills

2 Develop complementary measures to support Reserve minerals development and to take a supply chain view



R&D uplift – commercialisation of mid-stream technology, develop common user infrastructure, R&D hub support technical aspects of strategic reserve

Skills development – technical expertise required to support uplift

Build a circular minerals economy – processing can support end use recycling and mine waste presents new opportunities

Targeting Strategy efforts

3 Assess progress against the Critical Minerals Strategy and prioritise actions and investment that support the establishment of a Critical Minerals Strategic Reserve



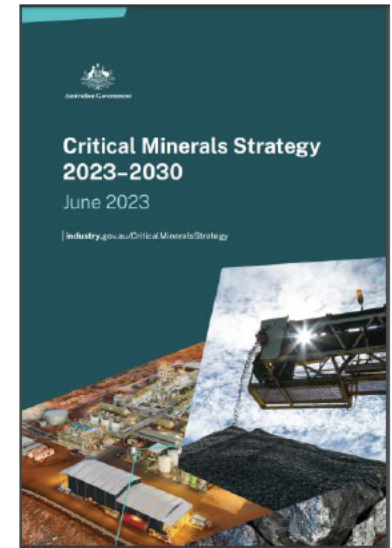
Conduct a gap analysis of the Strategy to take into account:

- Objectives of the Critical Minerals Strategic Reserve and your Future Made in Australia policy
- s 33(a)(iii)

4 s 33(a)(iii)



s 33(a)(iii) & s 47C



Support private sector initiatives that could complement the Strategic Reserve while addressing underlying market failures

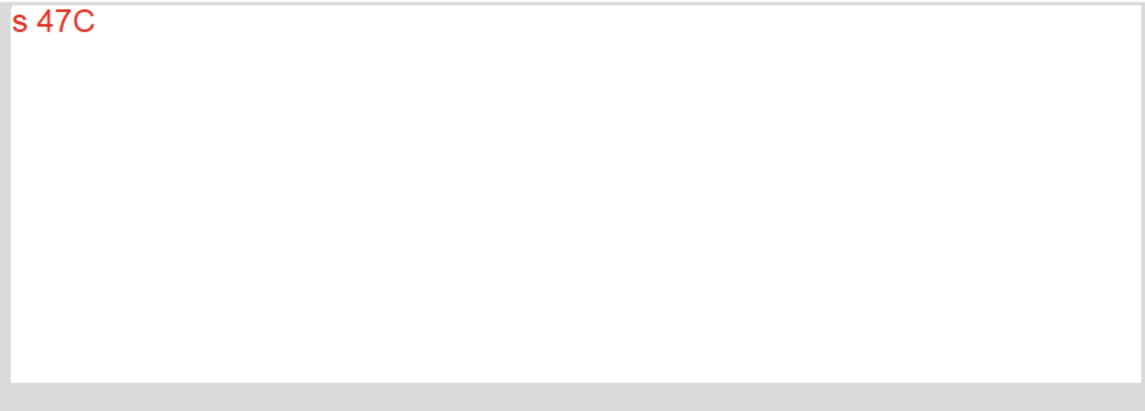
The Digital Finance CRC is collaborating with producers to pilot a new mechanism for improving price transparency in critical minerals markets. In parallel, it is examining partnerships with institutional investors, to develop a private sector investment fund aimed at enhancing market liquidity and price discovery. Both initiatives are at an early stage of development.

Perth Critical Minerals Exchange

1 Academic-led price reporting agency initiative, survey based independent price benchmarking.

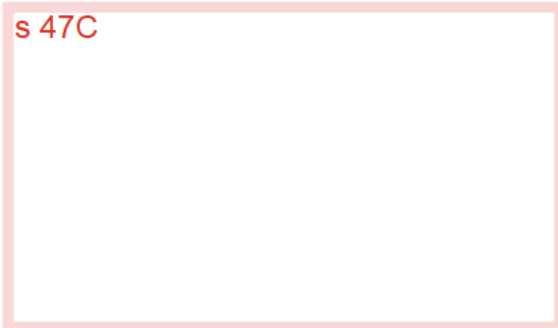


s 47C

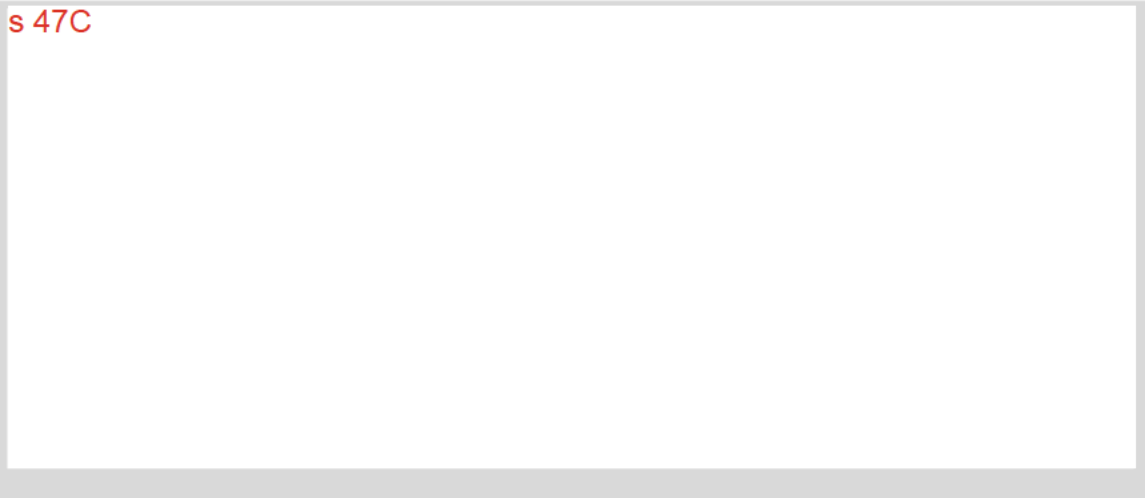


2

s 47C



s 47C



Delivering your election commitment

Establish a Critical Minerals Strategic Reserve

OPERATION OF TASKFORCE: s 47C
Minister

- Taskforce report to Minister for Resources and Prime

- Established with Terms of Reference, staff located within their agencies with clear tasking and regular constant collaboration.
- National and international consultation process undertaken by Taskforce including call for submissions and capital city workshops
 - s 47C
- Further consultation
 - s 47C
- Release final report (PM and Minister for Resources) and announcement of operation of strategic reserve
- Implementation

Delivering your election commitment

Establish a Critical Minerals Strategic Reserve

OPERATION OF TASKFORCE: s 47C

Delivering your election commitment

Establish a Critical Minerals Strategic Reserve

OPERATION OF TASKFORCE: Shape of Taskforce and DISR contribution.

- APS membership from PMC, DISR, Dept Finance, Treasury, DFAT and Export Finance Australia, Defence, ^{s 33(a)(i)}
- DISR leadership role via knowledge, experience and policy ownership.
 - SES Band 1 with established track record, connections across government, international and industry, and knowledge of the critical minerals security environment.
 - Supported by DISR 3 x EL2
 - 3 EL2s leading 3 small teams: commercial, industry and international engagement, and policy.
 - ^{s 47C}
 - 3 x EL1, 2 x APS6, support from AID and Critical Technologies Division.
- ^{s 47C}

PROTECTED: CABINET

[Draft For Discussion] Terms of Reference: Australian Critical Minerals Strategic Reserve

Component	Description
Name	The Critical Minerals Strategic Reserve Taskforce (the Taskforce)
Tasking	<p>The Taskforce will consult with Australian industry and international partners to design and confirm the scope of the Critical Minerals Strategic Reserve (the Reserve).</p> <p>The Taskforce will consider two mechanisms:</p> <ul style="list-style-type: none"> • National Offtake Agreements – voluntary contractual agreements to acquire volumes of critical minerals from commercial projects, or options to purchase at a given price holding security over them; and • Selective Stockpiling – of critical minerals produced under offtake agreements. <p>The Taskforce will also advise on the possible establishment of an entity to manage the Reserve and its functions. For example, it should examine whether the entity’s purposes should include:</p> <ul style="list-style-type: none"> ○ strengthening efforts to increase the supply of critical minerals ○ encouraging investment in critical minerals, particularly in the rare earths and the other minerals chosen for the Reserve. ○ providing finance, grants or investments that complement, leverage or support Commonwealth, state or territory activities relating to critical minerals (particularly the aforementioned sectors) ○ contributing to the development of the scale, efficiency and effectiveness of the critical minerals sector in Australia ○ assisting earlier access to financing for critical minerals projects by Australian exploration companies. <p>The Taskforce should consider historical and existing entities and their functions as part of its work. It should also consider required legal mechanism to support the entity’s function.</p>
Roles	<p><u>Department of the Prime Minister and Cabinet (PM&C)</u></p> <ul style="list-style-type: none"> • Provide strategic oversight, direction and whole-of-government coordination. • Develop a pathway to establish and implement the Reserve and required structures/facilities. <p><u>Department of Industry, Science and Resources (DISR)</u></p> <ul style="list-style-type: none"> • Lead consultation with industry and international partners (with DFAT) to develop advice on:

PROTECTED: CABINET

PROTECTED: CABINET

Component	Description
	<ul style="list-style-type: none"> ○ managing the market and reputational impacts for the design and operation of the Reserve; and ○ the parameters for acquiring critical minerals. ● Lead the design and implementation of the Reserve including: <ul style="list-style-type: none"> ○ provide analyses on economic and market conditions; ○ advise on critical minerals (and processing capabilities) of strategic significance to be considered for the Reserve; ○ advise on initial offtake agreements to be entered into with critical minerals producers (with DFAT) ● Design an administrative and governance model to implement the Reserve (including advice on a potential entity with the Department of Finance). ● Oversee legislative drafting to establish the Reserve and required structures (such as a potential entity) by the end of 2026. ● Advise on procurement and management of physical facilities for selective stockpiling. <p><u>Department of Foreign Affairs and Trade (DFAT)</u></p> <ul style="list-style-type: none"> ● Provide secondees to: <ul style="list-style-type: none"> ○ Lead on Australia's foreign policy equities and international engagement, with support from DISR. ○ Advise on how the Critical Minerals Facility can support implementation of the Reserve, including the \$1 billion increase (in consultation with DISR). <p><u>Department of Finance</u></p> <ul style="list-style-type: none"> ● Provide secondees to: <ul style="list-style-type: none"> ○ Advise on financial risks and benefits to the Commonwealth of the Reserve, including in generating cash-flow as holdings mature. <p><u>Treasury</u></p> <ul style="list-style-type: none"> ● Provide secondees to: <ul style="list-style-type: none"> ○ Advise on the macroeconomic outlook for the Reserve and its impact on the Budget. ○ Advise on the design of the Reserve to align with the Future Made in Australia National Interest Framework. <p><u>Export Finance Australia</u></p> <ul style="list-style-type: none"> ● Provide virtual support to: <ul style="list-style-type: none"> ○ Advise on commercial finance functions and risks to the Commonwealth of the Reserve, including in generating cash-flow as holdings mature and commercial insights on offtake agreements.

PROTECTED: CABINET

PROTECTED: CABINET

Component	Description
Term	The Taskforce will operate from May 2025 until December 2026.
Composition	Including the secondees outlined above, the Taskforce will be resourced primarily from PM&C and from DISR s 47C
Responsibilities and Reporting	The Prime Minister and the Minister for Resources s 47C
Media	Media and domestic inquiries will be handled by DISR in line with departmental media and ministerial requirements. International inquiries will be handled by DFAT in line with departmental media and ministerial requirements.

DRAFT

¹ <https://alp.org.au/news/labors-costed-plan-to-build-australias-future/>



Minister for Resources | Snapshot 26 May – 6 June 2025

Key Issues

s 22

- **Critical Minerals**

- **Strategic Reserve:** Proposed taskforce terms of reference and letter the Prime Minister to be provided in the week of 26 May.
- **G7 Action Plan:** Australia's proposed approach to the plan and joint letter (with the Trade Minister) seeking the Prime Minister's agreement to be provided to you in the week of 26 May.

s 22

s 22



Australian Government
**Department of Industry,
Science and Resources**

s 33(a)(i) & s 47C

s 33(a)(i) & s 47C

add or remove minerals from the

List.

- The List is reviewed every three years (or sooner at the request of the Minister).
- If specific minerals are chosen for the critical minerals Strategic Reserve, announced in the election campaign, s 33(a)(i)

s 33(a)(i)

s 34(3)

- s 33(a)(i)

○

- s 34(3)

- s 33(a)(i)

-

-

s 33(a)(i)

s 47C

| industry.gov.au/url

- s 33(a)(i)

o s 33(a)(i)

o s 33(a)(i)

s 33(a)(i)

s 33(a)(i)

Critical Minerals Strategic Reserve

- The Government has committed to establishing a Critical Minerals Strategic Reserve.
- The Strategic Reserve will build on government investment through:
 - National Offtake Agreements – through voluntary contractual arrangements the Government will acquire agreed volumes of critical minerals from commercial projects, or establish an option to purchase at a given price; and
 - Selective stockpiling – the Government will establish Australian stockpiles of certain key critical minerals produced under offtake agreements as required.
- The Reserve will focus on a subset of critical minerals that are most important for national security and the strategic purposes of Australia and our likeminded partners.
- A Taskforce is being established to progress the initiative.

s 33(a)(iii)

s 33(a)(iii)

Background analysis

s 33(a)(iii)

s 47C

| industry.gov.au/url

- s 33(a)(iii)
 - s 47C
- s 47C
 - s 33(a)(iii)
 -
 -

- s 33(a)(iii)
 - s 33(a)(iii)
 - s 33(a)(iii)
- s 33(a)(iii)

s 33(a)(iii) & s 47C

- s 33(a)(iii)

s 47C

s 33(a)(i) & s 47C

The Critical Minerals List s 33(a)(i) & s 47C . It is expected a review will be conducted in 2026, consistent with the commitment to review the Critical Minerals List and Strategic Minerals List at least every three years.

Overview of methodology

The Critical Minerals List is the outcome s 33(a)(i) & s 47C , considering minerals' strategic importance to critical technologies, s 33(a)(i) & s 47C vulnerability, and alignment with international partner priorities.

In December 2023, the Australian Government updated the Critical Minerals List and created a Strategic Materials List using a comprehensive methodology developed by the Critical Minerals Office. The methodology aligns with the Critical Minerals Strategy 2023-2030 and focusses on:

1. The priority technologies outlined in the Critical Minerals Strategy
2. Australia's geological potential for resources
3. The needs of our strategic international partners
4. The vulnerability of our supply chains

To develop this methodology, the Critical Minerals Office relied on technical and market analysis, sourced data and insights from Geoscience Australia, and consulted extensively with industry, peak bodies, federal government agencies including CSIRO, ANTSO, and Austrade, and state and territory government representatives.

The List was updated in February 2024 with the addition of nickel. s 33(a)(i) & s 47C for the December 2023 update, nickel was included as part of the Strategic Materials List (which also included aluminium, copper, phosphorus, tin, zinc), but has since been designated a critical mineral by the Minister for Resources.

Criterion 1: Use in priority technologies

The priority technologies listed in the Critical Minerals Strategy 2023-2030 include:

- batteries and battery components
- rare earth permanent magnets
- catalysts for hydrogen production
- semiconductors for micro-chips and solar photovoltaics
- defence technologies
- high-performance alloys and metals.

s 47C

If a mineral is used in any of the priority technologies, this criterion is met.

s 47C

s 47C

Criterion 3: Critical to our international partners s 33(a)(iii)

s 33(a)(iii) was determined by firstly assessing our current critical minerals list against the critical minerals lists of our international partners:

s 33(a)(iii)

s 47C

s 47C

PROTECTED

s 33(a)(ii) & s 47C

PROTECTED

DEPARTMENT OF INDUSTRY, SCIENCE AND RESOURCES

MS25-000573

To: Minister for Resources (For Decision)

s 47C

Recommendation/s:

1. **Note** Canada's G7 Critical Minerals Action Plan (CMAP); s 33(b)

Noted / Please Discuss

2. s 33(a)(iii) & s 47C
Leaders' Summit 15-17 June 2025 (Attachment B).

at the G7

Agreed / Not Agreed

3. **Sign** the joint letter (with Senator the Hon Don Farrell, Minister for Trade) to the Prime Minister, the Hon Anthony Albanese MP, s 47C
(Attachment C).

Signed / Not signed**Minister:**

Date:

Comments:

Clearing Officer:	s 22	General Manager, Critical Minerals Security	s 22
Contact Officer:	s 22	Critical Minerals Economic Security, Critical Minerals Security	s 22
For Parliamentary Services' use only. Date Submitted to the Minister's office in PDMS:			30/05/2025

Key Points:

1. s 33(a)(iii)

(Attachment C).

a. s 33(a)(iii)

b. s 33(a)(iii)

s 33(a)(iii)

c. s 33(a)(iii)

2. s 33(a)(iii)

a. s 47C

s 33(a)(iii)

3. s 33(a)(iii)

a. s 47C

b.

c. s 33(a)(iii)

4. s 33(a)(iii)

a. s 33(a)(iii)

Sensitivities and Handling

5. s 33(a)(iii)

Consultation with the Partnerships and Projects Division, Department of Infrastructure, Transport, Regional Development, Communications and the Arts: NIL

The matter is not relevant to the Northern Australia portfolio.

Other Consultation: DISR, Department of Foreign Affairs and Trade, the Treasury, Department of Finance, Department of Climate Change, Energy, Environment and Water, Department of the Prime Minister and Cabinet.

ATTACHMENTS

- A:** s 33(a)(iii) s 33(b)
- B:** s 47C s 33(a)(iii)
- C:** s 33(a)(iii) & s 47C

s 33(a)(iii) & s 33(b)

s 33(a)(iii) & s 33(b)

s 47C

SUMMARY

s 47C

s 33(a)(iii)

s 47C^s

s 33(a)(iii)

,s 34(3)

s 33(a)(iii)

s 33(a)(iii)

NEXT STEPS

s 33(a)(iii)

s 33(a)(iii)

OPPORTUNITIES

s 33(a)(iii)

- s 33(a)(iii) & s 47C

- s 33(a)(iii)

- s 33(a)(iii) & s 47C

s 33(a)(iii) & s 33(b)

s 47C

s 47C

s 33(a)(iii)

s 33(a)(iii)

- s 47C

s 33(a)(iii)

s 33(a)(iii)

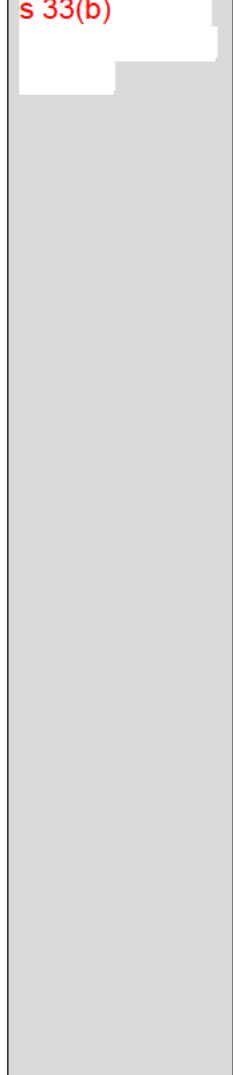
s 47C

s 47C

s 33(a)(iii) & s 47C

s 47C

s 33(a)(iii)

<p>s 33(b)</p> <p>s 33(b)</p> 	<p>s 33(a)(iii)</p> <p>s 47C</p> <p>s 47C</p> <p>s 33(a)(iii)</p> <p>s 34(3)</p> <p>s 33(a)(iii)</p> <p>s 34(3)</p>	<p>s 33(a)(iii)</p> <p>s 33(a)(iii) & s 33(b)</p>
--	---	---

<p>s 33(b)</p>	<p>s 33(a)(iii) s 34(3)</p> <p>s 33(a)(iii)</p>	<p>s 33(a)(iii)</p>
<p>s 33(b)</p>	<p>s 47C</p> <p>s 47C s 33(a)(iii)</p>	<p>s 33(a)(iii)</p>

s 33(b)	s 33(a)(iii) s 33(a)(iii)	
s 33(b)	s 47C s 47C s 33(a)(iii) s 33(a)(iii)	s 33(a)(iii) & s 33(b)
s 33(a)(iii)	s 33(a)(iii)	s 33(a)(iii)

<p>s 33(a)(iii)</p> <p>s 33(a)(iii)</p> <p>[Redacted]</p>	<p>s 33(a)(iii)</p> <p>s 33(a)(iii)</p>	<p>s 33(b)</p>
<p>s 33(b)</p> <p>[Redacted]</p>	<p>s 47C</p>	<p>s 33(a)(iii) & s 33(b)</p>

s 33(b)	s 33(a)(iii) s 47C s 47C s 33(a)(iii)	s 33(a)(iii) s 33(a)(iii) & s 33(b)
---------	--	--

s 33(a)(iii) & s 47C

s 33(a)(iii) & s 47C

PROTECTED CABINET



SENATOR THE HON DON FARRELL THE HON MADELEINE KING MP

Minister for Trade and Tourism

Minister for Resources

Special Minister of State

Minister for Northern Australia

MS25-000573

The Hon Anthony Albanese MP
 Prime Minister
 Parliament House
 Canberra ACT 2600

Dear Prime Minister

At the 2025 G7 Leaders' Summit, it is likely you will be asked to agree to join Canada's proposed *G7 Critical Minerals Action Plan* (the CMAP; s 33(b)). The CMAP seeks to increase cooperation amongst signatories on critical minerals issues, particularly standards, capital and innovation.

s 33(a)(iii)

We do not expect to have a final draft statement until we are invited. We therefore seek your agreement for Australia to join the CMAP based on the current s 33(b), and if its subsequent finalisation aligns with our proposed mandate at Attachment B.

The current s 33(b) of the CMAP aims to address the most pressing critical minerals issues through s 33(b)

s 33(a)(iii)

s 33(b)

s 33(a)(iii)

The CMAP is expected to continue for 2 years, s 33(a)(iii)

The s 33(b) of work align with our domestic policy of diversifying critical minerals supply

PROTECTED CABINET

PROTECTED CABINET

chains. This work leverages our global leadership on critical minerals issues, including through the International Energy Agency’s Critical Minerals Working Party.

s 33(b) & s 47C It advances efforts to level the playing field through standards and increase the global competitiveness of our sector. s 33(a)(iii) & s 34(3)

s 33(a)(iii) and could be managed through existing activities and programs.

s 33(a)(iii)

s 47C
s 33(a)(iii)

s 33(a)(iii) & s 33(b)

s 47C Our position ensures Australia will remain engaged in subsequent implementation efforts, including a potential roadmap for s 33(b) We will seek your agreement prior to any further commitments informed by an assessment of its alignment with Australia’s interests.

Yours sincerely

DON FARRELL
/ / 2025

MADELEINE KING
/ / 2025

PROTECTED CABINET

Enc – s 33(a)(iii) & s 47C
Attachment B: Australia's Proposed Mandate

CC: Treasurer, the Hon Dr Jim Chalmers MP
The Hon Richard Marles MP, Minister for Defence
Senator the Hon Katy Gallagher, Minister for Finance
Senator the Hon Penny Wong, Minister for Foreign Affairs
The Hon Chris Bowen MP, Minister for Climate Change and Energy
Senator the Hon Tim Ayres MP, Minister for Industry and Innovation, Minister for
Science