Big buy-up of electric trucks

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Body

Fortescue has turned to a Chinese machinery manufacturer as it races the clock to hit executive chairman Andrew Forrest's ambitious target to decarbonise the company's iron ore mines by 2030.

The company will spend up to $US400m ($618.2m) on equipment from Xuzhou Construction Machinery Group as it hedges its bets on the project to electrify its mining fleet.

Unlike ***Fortescue***'s partnership with Europe-based Liebherr, the XCMG machinery will not make use of battery power systems developed by ***Fortescue*** Zero.

The off-the-shelf XCMG equipment is expected to start arriving at ***Fortescue***'s mine in the Pilbara in 2026.

The supply contract is XCMG's largest outside of China for mining equipment and covers the supply more than 100 battery electric wheel loaders, wheel dozers, water carts, float prime movers and graders over four years to 2030.

The deal comes four months after XCMG signed a $US110bn deal with Rio Tinto and its joint venture partners to supply diesel-electric trucks and graders for the Simandou project in Guinea.

Fortescue has budgeted $US6.2bn to achieve a switch to renewable energy to decarbonise its iron ore operations, which currently burn about one billion litres of diesel equivalent a year.

Fortescue estimates the rollout of the XCMG machinery will cut diesel consumption by about 40,000 litres a year. Most of the costs associated with purchasing the XCMG equipment will come from ***Fortescue***'s sustaining capital expenditure budget and is aligned with its scheduled asset replacement cycle.

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