



Fortescue confident on export guidance

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Body

Fortescue will need to maintain close to record export rates to hit its full-year shipment guidance, with its troubled Iron Bridge magnetite project registering another production downgrade.

Fortescue has revealed the extent of the impact of a derailment at its Pilbara iron ore operations, saying iron ore exports had slipped 6 per cent as a result of the significant outage at its rail line.

The company exported 43.3 million tonnes for the March quarter, down from 46.3 million tonnes for the same period last year, and down 11 per cent from the three months to the end of December. The slip in exports also pushed up average C1 cash costs by 7 per cent, to \$US18.93 a tonne.

And, while **Fortescue** said it still expected to meet its annual export guidance, the company said it would probably come in -towards the bottom of its 192-197 million-tonne range.

But the company will need a heroic performance to meet even that expectation, needing to export 53.5 million tonnes in the June quarter, given it has only shipped 138.5 million tonnes in the first half of the financial year.

Fortescue Metals CEO Dino Otranto said **Fortescue** was confident it could hit that rate, despite needing to ship at near record rates of about 18 million tonnes a month for the June quarter, after shipping 18.7 million tonnes in March.

"You can hold a lot of confidence in the performance that we've had over the last six weeks - March was an all-time record. So we're looking pretty good for the remainder of this quarter," Mr Otranto said.

Fortescue again downgraded expectations from its troubled Iron Bridge magnetite project, saying it now only expected to ship 2 million tonnes of high-grade concentrate from the massive mine and processing operations, down from previous - and already substantially revised - guidance of 2-4 million tonnes.

The company shipped only 500,000 tonnes of concentrate from Iron Bridge in the March quarter as it struggles with water supply to the operation. **Fortescue** is spending about \$US100m (\$140m) to fix flaws in the water pipeline, which is leaking in high-pressure sections.

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The Iron Bridge processing plant is water-hungry as it grinds hard magnetite ore into a fine paste, before separating iron from waste rock using revolving magnetic drums. When running at its full rate, Iron Bridge will need 20 gigalitres of water a year to support its full production rate of 22 million tonnes of concentrate.

Mr Otranto blamed the pipeline issue on quality control issues with a 65km section of the pipeline that now leaks under pressure.

He said **Fortescue** had elected to replace the pipeline section, but declined to comment on whether **Fortescue** would be able to make an insurance claim for the replacement work or business interruption, or the status of any legal claims against the manufacturer.

Mr Otranto said **Fortescue** expected to be able to replace the pipeline this year, and said he was confident the company would still be able to ramp Iron Bridge up to its nameplate capacity by September next year, as previously forecast.

"All our focus is on getting the water supply back. And our September quarter 2025 guidance that we gave before is still unchanged," he said.

"However, it does depend on getting that water solution in play. "The good news is that we've been able to identify some other source of water - we're using our tailings facility to store some of the downpour that we have seen." **Fortescue** also cut its capital spending guidance by \$US300m-\$US500m for the current financial year for its metals group, to \$US2.5bn-\$US2.7bn, and cut capital spending forecasts for its energy division by \$US100m to \$US700m. **Fortescue** shares closed up 16c at \$24.76 on Wednesday.

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