



Fortescue claims green iron lead over Rio, BHP

The Australian

December 21, 2024 Saturday

Australian Edition

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Section: BUSINESS; Pg. 22

Length: 751 words

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Body

Fortescue says it will be producing green iron from a pilot plant in Western Australia before its bigger rivals BHP and Rio Tinto have even worked out whether to push ahead with their own version in partnership with BlueScope Steel and Woodside.

The Andrew Forrest-led **Fortescue** took a swipe at the timetable and energy supply plans put forward by the four companies after their NeoSmelt project received a \$75m leg-up from the WA government.

The NeoSmelt partners expect to make a final investment call in 2026. They have flagged spending several hundred million dollars building a pilot plant capable of producing 40,000 tonnes of molten iron year at a site next door to BHP's mothballed nickel refinery at Kwinana, south of Perth.

Fortescue metals chief executive Dino Otranto said establishing a green iron industry in Australia could create thousands of jobs and secure a place for WA iron ore in global supply chains for decades to come.

"Getting this new industry off the ground will require wisely invested public and private sector funds," Mr Otranto said.

"Australia has a strong history of public investment to create the industries that have kept our economy strong over the decades, such as the significant investment by government to kickstart the oil and gas industry in the 70s," Mr Otranto said.

"The whole of industry is calling for bold policy to establish a new green iron industry," Mr Otranto said **Fortescue** was more advanced in its plans to produce green iron than BHP and Rio and, unlike the Neo-Smelt partners, would not be -relying on gas as a fuel source.

"This week's announcement by the WA government to invest \$75m in the NeoSmelt project clearly shows that government shares our view of the importance of establishing this new green industry," he said.

"While a final investment decision on the NeoSmelt project is anticipated in 2026, **Fortescue** will already be producing high-purity green iron from our pilot plant at Christmas Creek, using green hydrogen.

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"This process differs to the NeoSmelt project, which is expected to initially use gas, and ultimately transition to low-emissions hydrogen, rather than hydrogen produced using renewable energy." The NeoSmelt project is slated to be in production some time in 2028 if all goes to plan for Rio, BHP, BlueScope and Woodside at the Kwinana site and with so far unproven technology.

Fortescue is also relying on technology breakthroughs as it contemplates building a commercial scale green iron plant in the Pilbara. It has revealed plans for a 1-2 million tonne a year plant, but is exploring opportunities for an even bigger plant likely to involve a multibillion-dollar investment.

It is set to begin pre-feasibility studies on the commercial-scale plant early next year.

Fortescue is relying on federal and WA government support to launch the technology-dependent industry.

Dr Forrest has said **Fortescue** wants help in the form of approvals and infrastructure.

BHP WA iron ore asset president Tim Day said more partners could join the NeoSmelt project over time, and defended the decision to use gas supplied by Woodside as a fuel source on the road to reducing carbon emission in steelmaking.

"You have to start this with something. For us, a gas supply is required. You need that energy initially and then what will happen over time is we'll get to more green energy," he said.

Mr Day said BHP agreed with Rio that technology breakthroughs would be required to advance to commercial scale production and that the likely time frame was five to 10 years.

The NeoSmelt pilot plant is intended to test production of iron from an electric smelting furnace (ESF), a type of furnace being developed by steel producers and technology companies seeking to lower emissions.

Iron ore is first converted to direct reduced iron (DRI) before being charged into the ESF.

A lot is riding on the technology and a combination of DRI-ESF working effectively for BHP, Rio and **Fortescue**. BlueScope this week said the low and medium grade iron ore produced in the Pilbara did not work well in the DRI process gaining favour as a way to cut emissions.

The NeoSmelt partners hope reductions of up to 80 per cent in emission intensity can be achieved in processing Pilbara iron ore through a DRI-ESF combination. Other lower emission--intensity production options emerging as alternatives to blast furnaces, such as electric arc furnaces, require scrap steel and DRI produced from high grade iron ore. **Fortescue** shares closed up 2 per cent on Friday, at \$18.20.

Load-Date: December 20, 2024