



Forrest shrugs off iron ore price pullback

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Body

Mining magnate Andrew Forrest has shrugged off a fall in iron ore prices, arguing lower steel production in China was a normal part of the long-term commodity cycle.

Iron ore prices this week dropped to a 21-month low after China's largest steelmaker put the industry on edge by saying the sector faced a crisis more acute than the downturns of 2008 and 2015.

While acknowledging the current dip in iron ore demand, Dr Forrest said he was confident in the long-term outlook.

"I think there is still very high demand in China. The iron ore consumption doesn't go up in a straight direction, it has a jiggered edge on an upwards curve and we're in one of those downward edges right now, but the trend will still be strong.

"If you look at the big mega-trends out there, I'm not worried about their trends going up or down because they happen to go up or down towards an upwards curve." According to the National Bureau of Statistics of China, that country's steel production in July was 82.94 million tonnes, down 9 per cent on the previous month, as mills cut back due to subdued demand, lacklustre prices and tightening margins.

Iron ore's price has dropped to its lowest level since November 2022, \$US95.25 a tonne, after topping \$US144 a tonne on January 3, and the downturn has put pressure on major Australian iron ore -producers.

Dr Forrest was in the Pilbara on Friday showcasing his new green hydrogen technology, declaring it could easily be "Australia's biggest ever industry." **Fortescue**'s mission to build a sustainable iron supply chain in Western Australia kicked off on Friday with the founder showing off their latest hydrogen-powered technology at the green energy hub at Christmas Creek mine.

The \$US50m project is expected to produce more than 1500 -tonnes per annum of green iron metal, with production anticipated in 2025. But while demand for the metal hit a near two-year low after China pulled back its orders, Dr Forrest said he was not fazed.

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"I just came back from China where I went to ascertain with our leaders, with China's leaders, where they want to go with green metals," he said.

"The pollution over the skies of China isn't sustainable. They need to keep on building their cities but if they can do it in a way that doesn't cause any harm then they're going to take that shot." The Christmas Creek processing plant will use green hydrogen produced at **Fortescue**'s gaseous and liquid hydrogen facility, the largest of its kind in Australia, together with an electric smelting furnace to produce high purity green iron. Once established, the company hopes to supply the final product to almost any steel plant globally.

Dr Forrest in July abandoned ambitious green -hydrogen targets in a major -business backdown, pulling back from the company's goal of producing 15 million tonnes of green hydrogen a year by 2030.

Standing behind the all-new hydrogen-powered haul truck prototype, dubbed "Europa", Dr Forrest said that once the old fleet of 80 trucks was replaced, the company would save about 4500 litres of diesel everyday, eliminating up to three million tonnes of carbon dioxide emissions per year.

Clean-burning hydrogen has been hailed as a potential solution to a range of climate-related energy challenges, from fuelling trucks to generating electricity.

Very little hydrogen is produced from sustainable energy sources today; most is made using natural gas and fossil fuels.

Fortescue plans to use solar or wind energy to power electrolyzers that split water into hydrogen and oxygen. Producing hydrogen as an economically viable energy source in Australia is high on Dr Forrest's priority list, but he could not estimate when that would happen.

"Oil is about \$80 a barrel now. When oil started, let's be clear, it started at equivalent dollars of \$1600 a barrel, like, you know, 20 times current.

"Industries don't start at really economic prices and then bingo," he said. The billionaire was joined by **Fortescue** Metals chief executive Dino Otranto for a ceremony to mark the start of civil works at the site.

"Hydrogen and fuels made using renewable energy will have a role to play in decarbonising mining, whether it's in buses, heavy mining equipment such as haul trucks and excavators, or producing green iron," Mr Otranto said. "This renewable hydrogen plant is versatile, enabling us to produce gaseous and liquid hydrogen to be used to power our mining equipment prototypes, while also providing the added benefit of refuelling our fleet of coaches at Christmas Creek." Dr Forrest also celebrated awarding \$5bn to 200 First Nations businesses through the Billion Opportunities Program, which was established in 2011.

"This program has really been a game changer for us and it wouldn't be where it is today without the dedication of all of you - our First Nations business partners, and the incredible **Fortescue** team driving forward this -initiative." The reporter travelled to WA as a guest of **Fortescue**.

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