



## **Fortescue signs \$618m green deal with China**

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**Byline:** BRAD THOMPSON

### **Body**

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**Fortescue** Limited 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.

**Fortescue** Metals chief executive Dino Otranto and XCMG chairman Yang Dongsheng signed the deal at the Bauma China conference in Shanghai.

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Mr Otrano said **Fortescue** was moving rapidly to decarbonise the iron ore operations. To achieve the 2030 target, it would need to "swap out hundreds of pieces of diesel mining equipment at the end of their life with zero-emissions alternatives".

"As the global mining industry continues to evolve, we're proud to be at the forefront of driving innovation in value-adding green technology and showing the world that industry can decarbonise," he said.

Mr Dongsheng said XCMG now offered electric options across its entire product range, with new energy products accounting for 18 per cent of revenue.

In September, **Fortescue** unveiled a \$US2.8bn partnership with Europe-based Liebherr to jointly develop zero-emission mining machinery. **Fortescue** expects to purchase about 360 autonomous battery electric trucks, 55 electric excavators and 60 battery powered dozers under the deal with Liebherr.

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