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Port Hedland \$4B Iron Project Receives Approval

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— *Categories: Economics*

Port Hedland, WA – A \$4 billion hot briquetted iron (HBI) project in Port Hedland has received conditional environmental approval, marking a major step in Australia's push to expand value-added processing in its iron ore sector.

Backed by South Korean steel company POSCO, the facility will be located in the Boodarie Strategic Industrial Area, about 10 km from Port Hedland. The project is designed to produce 2 million tonnes of HBI annually. This high-purity iron product, made from Pilbara iron ore, moves Australia up the steel manufacturing value chain by creating a premium product rather than exporting raw ore.

The project is among the largest industrial investments in the Pilbara outside traditional mining. It is expected to bring logistical benefits and diversify the local economy. Thousands of construction jobs are projected, alongside hundreds of permanent positions once the facility becomes operational.

HBI production uses direct reduction technology, which removes oxygen from iron ore without melting it. The purified iron is then compressed into briquettes containing 90–92% iron, compared with 58–65% in raw ore. This makes it more valuable and energy-efficient for steel production.

The Western Australian Environmental Protection Authority (EPA) granted conditional approval after evaluating air quality, greenhouse gas emissions, waste management, and cumulative impacts with other local industrial developments. While initial operations will rely on natural gas, POSCO has committed to a transition to 100% renewable energy by 2049.

Experts note the project is not immediately “green” but could reduce emissions over time if the renewable transition is completed.

Before construction can begin, POSCO must secure several approvals, including a land use agreement with the Kariyarra traditional owners, operational permits, and its final investment decision. Negotiations with native title holders remain a critical step.

Local officials highlight the project’s potential to transform Port Hedland from a raw material export hub into a processing and industrial centre. Mayor Peter Carter described the facility as a catalyst for further investment, stating, “If POSCO is there, why aren’t we there?”

The project aligns with national strategies supporting value-added manufacturing and demonstrates Australia’s capacity to move up the global steel production chain. Its scale and strategic location in one of the world’s largest iron ore regions provide commercial and logistical advantages, positioning Port Hedland as a future hub for advanced iron processing.