



March 2026 Quarterly Production Report

Investor and Analyst Call Transcript

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[START OF TRANSCRIPT]

Operator: Thank you for standing by and welcome to the Fortescue Ltd March 2026 Quarterly Production Report. All participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session. If you wish to ask a question, you'll need to press the star key followed by the number 1 on your telephone keypad.

I would now like to hand the conference over to Mr Andrew Driscoll, Director of Corporate Finance. Please go ahead.

Andrew Driscoll: Thank you, Darcy. Welcome all and a happy Friday from Perth. I'm joined by Dino Otranto, CEO Metals and Operations; Gus Pichot, CEO Growth and Energy; and Apple Paget, the Group CFO. I'll share a summary of the operational performance and some key developments in the quarter for context, and there is plenty of highlights to discuss before there'll be the opportunity for those that have dialled in to ask questions of the Executive and some of the Senior Leadership here in the office with me.

As you've hopefully read by now, the Fortescue team has delivered another cracking result in the quarter, with strong supply chain performance resulting in record volumes achieved over the nine-month period for total ore mined, ore processed and ore shipped. Most importantly, this was achieved safely, recording a Leading Safety Index, or LSI, of 173 and a Total Recordable Injury Frequency Rate (TRIFR) of 1.4 for the 12 months to 31 March 2026.

In terms of some of the operating details, total iron ore shipments of 48.4 million tonnes in the quarter was 5 per cent higher than Q3 last year, and a record for a third quarter. This contributed to total shipments of 148.7 million tonnes in the nine months to 31 March 2026, and that's 4 per cent higher than the same period last year.

Shipments from Iron Bridge were 2 million tonnes in Q3. Now, that was up 31 per cent year-on-year, but it was down 10 per cent quarter on quarter with both production and outload impacted by Tropical Cyclones Mitchell and Narelle in February and March, respectively.

Importantly, our guidance for FY26 total shipments is unchanged at 195 to 205 million tonnes. This is inclusive of Iron Bridge shipments of 9 to 10 million tonnes; that's from 10 to 12 million tonnes previously, and that Iron Bridge guidance has been revised due to significant weather events in the March quarter.

Portfolio optimisation of our Pilbara Operations - that's inclusive of Hematite and Iron Bridge - is underway with consideration of Port outload capacity and maximising portfolio value. We anticipate being in a position to provide an update in three months.

On to costs in the quarter, an outstanding performance with the Hematite C1 unit cost down 4 per cent quarter on quarter to US\$18.29 a tonne despite inflationary conditions. This meant the C1 unit cost was US\$18.52 in the financial year to date and we've maintained our full year cost guidance at the guided exchange rate of A\$0.65. To assist with modelling, we have included the C1 unit cost sensitivities to both exchange rate and crude oil prices in the release.

On to the market, iron ore prices have again been resilient, and we continue to see strong demand for Fortescue's suite of products. This is clear from today's results with the Hematite realised price of US\$92 a tonne, achieving a realisation of 89 per cent of the Platt 61 Index. Iron Bridge Concentrate realised price was US\$122 a tonne, which was 101 per cent of the average Platt 65 Index and 117 per cent of the Platts 61 Index.

The strong operating performance, robust demand was reflected in cash flows with a closing cash balance of US\$4.2 billion and net debt of just US\$1.6 billion. This compares with net debt of US\$1 billion at 31 December 2025, and is after payment of the interim dividend of US\$1.3 billion and Capex investments of US\$915 million in the quarter.

Now, at the same time, we're getting on with decarbonising our operations and we're already seeing the benefits. With global energy markets in sharp focus, this work is critical to strengthening energy security and lowering our costs.

As you see from the release, the build-out of our Green Grid is well underway, with the 130MW Nullagine Wind Project and 440MW Solomon Airport solar farm commencing construction during the quarter. As this Green Grid comes online, we're fundamentally reshaping how we power our operations, reducing our reliance on fossil fuels.

We've also provided an update on our Green Metal Project at Christmas Creek. We anticipate producing first hot metal this current quarter, a key milestone that demonstrates the electric smelter and allows us to begin product testing.

We've continued to make disciplined progress across our global growth portfolio, comprising of metals, energy and technology opportunities.

We completed the acquisition of Alta Copper. This brings new exploration assets into the business, including the Cañariaco Copper Project in Northern Peru and strengthens our position in copper. This is a really exciting project, and Gus can provide some further detail.

Today, we announce Board approval to expand our green energy capacity in the Pilbara with a US\$680 million investment to develop 200MW of firmed green energy to meet growing demand for green power from industry, including data centres.

Now, before we go to Q&A team, I'll hand over to Graham Howard, Director Mining Operations, to make some brief comments on our fuel supply chain. Over to you, Graham.

Graham Howard: Thank you, Andy and good morning, everybody. Look, we're keeping a close watch on global developments and planning for a range of scenarios. From an operational perspective, our operations continue to run as normal, which is fantastic. We have diesel fuel that we need in place to support the business within our current planning horizons, and we're actively monitoring the situation on a day-to-day basis with contingency plans in place.

Look, in relation to aviation fuel, we have close coordination with our airline partners, and importantly, we're not seeing any impact from flight schedules nor availability. What we're seeing across the supply chain is that visibility remains relatively short, which is consistent with what the others are experiencing as well. Importantly, there is no change to our guidance, and we have the fuel we need in the near term. Thanks, Andy.

Andrew Driscoll: Thank you, Graham. I'm sure there'll be some questions. So, on that note, Darcy, we're ready to move to the Q&A part of the call. Thank you.

Operator: Thank you. If you wish to ask a question, please press star 1 on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star 2. If you're on a speakerphone, please pick up the handset to ask your question. In the interest of time, we ask that you please limit to two questions per person. Your first question comes from Rahul Anand with Morgan Stanley. Please go ahead.

Rahul Anand: (Morgan Stanley) Good day, team. Thanks for the call and congrats on a good cost performance in the hematite business. Look, two from me. Firstly, on the hematite cost side, I just wanted to check, in terms of the strip ratio at 1.54 times, you've called that out as being in line with plan, but obviously, life of mine plan is around 1.6, and my understanding was that the near-term strips were due to be higher and then lower to 1.6, but obviously last quarter and this quarter have done quite well. Is there a bit of an update you can provide in terms of how that trajectory looks and how we should think about that strip ratio as it sort of goes to the life of mine average? Then I'll come back with a second, thanks.

Dino Otranto: Yeah, thanks, Rahul. I think we spoke last time around, now that we've included Blacksmith in the midterm, we're pretty confident about maintaining that now, near and midterm, around 1.5; pretty flat.

Rahul Anand: (Morgan Stanley) Okay, that's great. That's very clear. Thanks for that, mate. Then look, the second one, I guess is more around Iron Bridge. You've obviously had weather impacts there, so if we put this quarter to the side and just purely look at factual run rates and where we sit at the moment, there is a bit of an uphill task still at our hands if you look at the second half of next year guidance of 16 million to 20 million tonnes. How are the plans towards that and given this weather disruption, does that push you a bit behind in terms of where you need it to be in terms of the things you need to test and a stress test, I guess, in terms of the plant?

Dino Otranto: Yes. The cyclone, particularly Narelle in the last couple months, wasn't ideal, absolutely, for ramp-up. What's been good though is although our magnetite circuit was challenged in the last quarter, the hematite circuit more than made up for it. Hence, we talked today about a portfolio optimisation exercise going on, which we will release details of in three months, which will factor in the ramp-up, factor in the excess capacity we've now created on the hematite circuit, which has got a higher margin. Also, the 200-205 constraint we have around shipping. So all of that needs to come together in terms of our projected forecast for 2027 and onwards.

Operator: Thank you. Your next question comes from Rob Stein with Macquarie. Please go ahead.

Rob Stein: (Macquarie) Thank you Dino and team. First of all, costs. I'm very interested to see how they went down. Notionally, the strip ratio didn't change that much, yet you were impacted by higher FX and higher diesel, at least for partway through the quarter. Can you give us a feeling

for how we can expect the business to be performing in the fourth quarter, noting that those cost pressures are hitting you firmly now, and are you adjusting as part of your portfolio review sequencing of different areas associated with higher fuel costs today, noting that in two or three years' time, you won't have those higher fuel costs. And I've got a follow-up.

Apple Paget: Thanks, Rob. I'll take that. In terms of C1 and strip ratio, yes, 1.54, but as we have released and announced, the lower strip ratio has been through the continued strong operational performance, and it was driven by the reduced shutdown intensity of that favourable strip ratio, as we mentioned, diesel price for that quarter, but also offset by FX right. In terms of just FYI, a one cent movement in FX is about US\$0.16.

With respect to your comments around items that are coming up, we're not seeing a lot of that in the March quarter, in terms of diesel prices anyway, and that largely reflects inventory that we have across the supply chain, both diesel and product stocks, and other mechanisms, which creates this lag in how the spot price flows through our cost base. So, we're not going to see much in the March quarter, but we will see the impact of that around the middle of this current quarter.

Rob Stein: (Macquarie) Thank you. Sorry, just the second part of that was around optimisation of, I guess, near-term or one or two-year term mine planning with the higher fuel costs, noting that energy costs will drop away for your business in a couple of years. Do you move past high strip areas now and leave them for later? It might not have been the decision you would have taken a year ago, but you might be compelled or want to do it now, given the change in unit cost drivers in your business?

Dino Otranto: It's something we look at, Rob, but the reality is it's largely immaterial from pit to pit, so we're not forecasting any change, Rob. Like I said, the big gamechanger for us is the inclusion of Blacksmith in the midterm, which sets us up well. Then over that same time period, over the next two years, we'll dramatically see our exposure to diesel drop away.

Operator: Thank you. Your next question comes from Paul Young with Goldman Sachs. Please go ahead.

Paul Young: (Goldman Sachs) Good morning, Dino, Apple, Gus, and Graham, thanks for that update on the diesel situation. Just starting there, actually, and just noting the sensitivities provided for, I think, a US\$10 a barrel move. Just to clarify, are you referring to the diesel price move and not oil there? Because I know diesel is up over two times versus oil price when you factor in the higher diesel spread. From a security of supply standpoint, have you actually had to source from any traders, or your existing supplier is still supplying 100 per cent?

Apple Paget: Thanks, Paul. I can talk about the sensitivity. It is the US\$10 per barrel of crude which is that 20 cents per tonne that you're referring to, but that, of course, looks at other items remaining constant, which includes the refining margin that comes through to the diesel price. I'll let Graham talk about the rest.

Graham Howard: Thanks, Apple. Thanks, Paul. Look, just to your question in terms of where we're getting our diesel from, mate, it's absolutely coming from our current diesel supplies.

Paul Young: (Goldman Sachs) Okay. All right. Excellent. That's useful. Then maybe a question on final marketing strategy and just around what we've seen recently. Maybe a question for you, Dino, around some of your peers changing where they're placing their tonnes from an index perspective

and onshore versus offshore, Renminbi sales versus US dollar sales and moving away from the Platts Index. I know you've been using Mysteel for a little bit, you'll also be selling and continue to sell to traders; some of your peers don't. Just wondering around how you see your book changing going forward. Do you anticipate that you will be selling more through the China index and Renminbi going forward. Any high-level views on that?

Gus Pichot: Yeah. Thank you for the question. As you know, we are analysing and having always the strategy in place to place our product in the best way possible. I will hand to Ben Kuchel - who is on the call, that can give you a little bit more on our insight of how we are thinking.

Ben Kuchel: Thanks, Gus. Hi, Paul. It's Ben Kuchel here, Director of Sales and Marketing. I'm actually in China at the moment and just picking up on Gus's comments here. Obviously, our sales strategy and marketing strategy evolves as the market evolves. Over time, we've increased and changed flows to port side markets. We also adjust flows to traders and to steel mills through long-term contracts but also through spot channels as well. So, it's a dynamic thing and it will continue to evolve as the market changes.

In terms of index choice and index selection, what I would note is that there's been a range of indices used in commercial contracts for a long period of time, well over a decade. In terms of changes in our own book, I would suggest that they're consistent with these sorts of changes that occur over time in any case.

Operator: Your next question comes from Kate McCutcheon with Bank of America. Please go ahead.

Kate McCutcheon: (Bank of America) Hi, good morning. Just the additional US\$680 million capex that we had announced today, can you just talk me through how we think about the cadence of that spend, what time periods, et cetera?

Dino Otranto: Thanks for the question. First point is it's incremental to the US\$6.2 billion decarbonisation spend, but we look to fast track that expense. The market for behind-the-meter green electrons is hot at the moment. We've made the announcement today and we'll give further guidance around the breakdown, but it'll take us a year or two to build out that infrastructure now.

Kate McCutcheon: (Bank of America) Okay, got it. The second part of that is you called out data centres in the Pilbara. Can I have some more colour on what you're thinking about in monetisation terms of that, or will you come to the market with some more info?

Dino Otranto: Look, we're not going to disclose the specifics of our commercial conversations to date, but really targeting two sectors: as you've mentioned, data centres, who are really driven by time right now, they need to get this infrastructure built ASAP; and in the Pilbara where we operate, there is already a lot of consumption of grey power, who are also interested in green power solutions.

Operator: Thank you. Your next question comes from Lachlan Shaw with UBS. Please go ahead.

Lachlan Shaw: (UBS) Morning, Dino, Apple and team. Thanks very much for taking questions, two from me. Just to come back to, I suppose, the Pilbara green energy piece. You're committing the capital, I'm assuming you're in negotiations with customers. To be clear, this is not related to

the broader decarbonisation of the mainline business. This is an additional opportunity you've identified.

Dino Otranto: Thanks for the question, Lachlan. Absolutely, it's an additional opportunity. However, the fact that we've got the large baseload concept of our grid already built and operating - we'll conclude that in in the next year or so - allows us to then have flexibility of any incremental additional capacity. That's really the message we're getting out there today. When you look at the bang for the buck of what we've announced today, it's very attractive. However, it will be using the broader network. We see this is really the first external customer amongst many.

Lachlan Shaw: (UBS) Okay, great. That's great colour. Thank you. Thanks, Dino. Second question. Just to come back to diesel. I really appreciate the colour and the comments on how you're positioned and the scenarios, but I suppose I just wanted to ask if you can help understand. I know that parts of some of your peers are now helping the Federal Government task force in terms of the how of potentially securing more supply.

What do some of the scenarios look like for you? Is this something where you're thinking potentially maybe some growth gets deferred; maybe ramp-up at Iron Bridge goes a little slower; to go to a question earlier, maybe you target lower strip ratio in the mainline operations. What are some of the scenarios that perhaps are in the mix right now?

Dino Otranto: Look, the best information like many at the moment, we believe this is largely a pricing exposure. We're not concerned yet about delivery of supply, albeit clearly at a higher risk profile, and we take it, as you all do, the best information that we get. We're working as well to secure global supply. It's critical to keep industry going, and that's the message that we've all received.

On the other side, in terms of the consumption levers, again, all of those levers are on the table. We've got escalation processes when we need to kick them in, but right now, it's business as usual.

Operator: Thank you. Your next question comes from Kaan Peker with RBC. Please go ahead.

Kaan Peker: (RBC) Good morning, Dino, Apple, Andy and team. Just the first one on Iron Bridge. How much of that 3Q shortfall was purely on weather and what's the underlying run rate that we should expect, I suppose, going forward?

Dino Otranto: Yes, nice try. We'll give that guidance in the next three months, but look, the majority if not all of the shortfall was around cyclone impact, and more specifically, the amount of water that we received in that part of the area has impacted a bit longer than what we thought, without the direct type of impact to equipment that you associate with a typical cyclone movement. It was really just a large deluge of water that's impacted our total moisture limits, for instance and some other parts of the operation.

Kaan Peker: (RBC) Thank you. Then maybe on the new product, just maybe some feedback from the market initial indications around realisation. Is it essentially just grade adjusted that we should be considering? Thanks.

Dino Otranto: Yes. Look, we'll throw to Ben straight up on that one. Ben, did you hear the question?

Ben Kuchel: I certainly did. Thanks for the question. Look, what I would probably suggest in response is that from an overall portfolio perspective, the new products are somewhere between 5 and 6 per cent of volume. So, the pricing for the product itself will reflect the market but from an overall portfolio perspective the average realisation will still largely be influenced by the big volume products which are Fortescue Blend and Super Special.

Based on the customer engagement we've been having in the recent weeks and months, there's clearly very healthy demand for the new product that we're going to bring to the market in July. From a placement perspective, I'm very, very confident actually. Given that level of interest, I think prices will surprise some and certainly trade at least at parity if not better than comparable products in the market.

Operator: Thank you. Your next question comes from Lyndon Fagan with J.P. Morgan. Please go ahead.

Lyndon Fagan: (J.P. Morgan) Good morning, everyone. Dino, wondering if you can talk to the outload circuit. It looks as though the last published outload capacity is a little bit over 200 and we're short when it comes to trying to fit in Iron Bridge at 22 million tonnes and hematite at 190 million tonnes. I guess there's a medium-term earnings downgrade sitting in the market unless that is addressed.

I'm just wondering if you can talk to the scope of works required to eliminate that problem? Obviously, there's a review happening, but what sort of timeline maybe that could be executed on as well.

Dino Otranto: Good pick up, as usual. Our license limit is 210. We've got a physical constraint that we've been very transparent on, you know, 200 to 205. We've got clearly capital plans to debottleneck that. You go to 210, you then need to look at your mining supply which Blacksmith has helped on, but the capital requirements will be part of this review that we're doing which we'll guide in the next three months. But again, I would suggest that those numbers are a pretty good sweet spot for the value of our business, with the hematite margins, Iron Bridge, and then the capital intensity of debottlenecking port infrastructure which is historically quite expensive.

Lyndon Fagan: (J.P. Morgan) How did we get to this problem? Iron Bridge has been on the go for many years, there would have been some line of sight to needing more outload capacity, so I'm actually surprised we're here with a constraint.

Dino Otranto: Look, I think the big bit you missed there is how well the hematite circuit has been going to give us this amazing problem to have, right? I mean, it's quite unique to have many different options. I'll remind everyone, when we commissioned and planned for Iron Bridge at those volumes, we didn't have the ability to get hematite to compensate. Now, we more than have that, at a higher margin with no capital investment, so I think it's a good problem to have.

Operator: Thank you. Your next question comes from Glyn Lawcock with Barrenjoey. Please go ahead.

Glyn Lawcock: (Barrenjoey) Morning, everyone. Just a couple of clarifications. Just on the diesel part, going back to Paul's question, so US\$10 a barrel is US\$0.20 but it doesn't include the refining margin impact, so could we assume similar to what Rio said earlier this week that if you see – you add another US\$10 of refining margin, that too is another US\$0.20? So if you look at refining

margin in Brent, they're up about US\$60 a barrel in aggregate. Is that the way to think about it? Thanks.

Andrew Driscoll: Glyn, maybe I'll jump in. Obviously, we don't consume crude oil, we consume diesel, so you need to factor the refining margin in the cost impacts for us, but perhaps I can guide you to the Singapore Gasoil 10PPM benchmark as a good indicator of diesel prices for us.

Glyn Lawcock: (Barrenjoey) It's just that you called out Brent, that's all, oil, but that's fine.

Andrew Driscoll: Sorry, Glyn. We call out crude oil but all else being equal. So, you need to include the variance in refining margin as well.

Glyn Lawcock: (Barrenjoey) Is that US\$10 a barrel is US\$0.20 as well?

Andrew Driscoll: Correct.

Glyn Lawcock: (Barrenjoey) Okay, thanks. Then Dino, just on the portfolio optimisation. I know you've done it, you're still working through it all, but does it contemplate the sixth berth and an application to go above your 210 or is the capital just not under consideration?

Dino Otranto: We are always contemplating a hell of a lot more volumes coming out of our supply chain, Glyn, and the sixth berth is in there, but you look at any benchmarks, it comes with a pretty big ticket, and then you'll be criticising me for capital management.

Operator: Thank you. Your next question comes from David Coates with Bell Potter Securities. Please go ahead.

David Coates: (Bell Potter Securities) Good morning, team. Thanks very much for the opportunity. Just a couple of questions. The first one, just on your renewable construction rollout, how much of your diesel supply has that displaced so far?

Dino Otranto: I won't talk specific volumes, but the displacement mitigated impact is about US\$100 million.

Andrew Driscoll: Next year, yes.

Dino Otranto: Which will come through next year and then it really ramps up. The big consumers of diesel are our trucks, we'll have them starting to hit the operations late this year and early into next, and then you have a huge ramp up. We're talking over 300 of the 240 tonne trucks arriving and that's where the huge diesel consumers are.

David Coates: (Bell Potter Securities) Excellent. Thank you. Second question, Dino. You mentioned the Pilbara Green Energy is – your comment was it's a great bang for buck proposition. We've got the buck; just wondering what the bang is on the other side of that.

Dino Otranto: Look, again, the reason why we've gone out today and it's very coincidental that you've seen a number of – two significant announcements this week announcing very similar items. I'd point you to a Microsoft announcement overnight, right? There is an insatiable demand for behind-the-meter green grids at the moment, and we look to take advantage of that.

Operator: Thank you. Your next question comes from John Tumazos with Very Independent Research. Please go ahead.

John Tumazos: (Very Independent Research) Thank you very much. With regard to portfolio optimisation, could you talk about whether this means anything in the big picture, like Belinga, copper project, hydrogen project, it affects the business mix, versus whether you're talking about an exploration project in the Pilbara for iron ore or Blacksmith displacing one of your aging pits that's due for replacement.

Dino Otranto: Thanks, John. I'll kick it off and then hand over to Gus to talk about copper and Belinga. Look, in the short-term, our optimisation announcement today will focus specifically in the Pilbara. We've already mentioned the inclusion of Blacksmith in the mid-term. That's already now baked into our plans. This is more a near-term opportunity around the great performance of the hematite business, but Gus, on Alta and Belinga, mate.

Gus Pichot: Thank you, Dino. We are not moving from the robust plan that we have into copper. We're working very hard in Peru. I think that getting into Alta Copper and the Cañariaco Project, it's amazing. We're working there. We're working with the community. The last couple of weeks have been a very good progress, so I think we have a very interesting project there. As you know, also in Gabon, we're working very hard. A lot of people there are trying to bring forward the project. Again, iron ore, copper, global, I think we're doing an amazing ramp up there.

John Tumazos: (VIR) Thank you.

Operator: Thank you. Your next question comes from Baden Moore with CLSA. Please go ahead.

Baden Moore: (CLSA) Good morning, everyone. Just a clarification, really, on the US\$680 million that you've added here. Is that just for 200 megawatts of new energy or is there other assets that we would include in that US\$680 million? Then I guess just wondering how that then connects to a comparable installed price per megawatt for the rest of your investment into green energy and whether that's – how you think the run rate is tracking?

Dino Otranto: It's for the whole kit and kaboodle: batteries, 24/7 firm, the whole lot, utilising the broader grid performing capacity, and it is absolutely aligned with the current installation that we have which is a much bigger application as part of decarb.

Baden Moore: (CLSA) Got it. Has the spend started already? Is there any spend included in FY26 capex guidance for it?

Apple Paget: Thanks, Baden. I can answer that. No, that is not in our current spend profile and it does not impact the US\$6.2 billion envelope that we have previously discussed. This will be in addition, and we will provide that in our FY27 guidance soon.

Operator: Thank you. Your next question comes from Lachlan Shaw with UBS. Please go ahead.

Lachlan Shaw: (UBS) Thanks, team, for taking my follow up. I just want to round out quickly, obviously one of your peers has concluded negotiations with CMRG recently in respect of terms on some of their products, but I just wanted to ask, what's your expectation for how these sorts of negotiations might play out on a go forward basis? Is this something that you revisit every 12 months, every couple of years? Is it revisited on the basis of how the mine plan and the product portfolio changes? Any colour there in just what sort of process it might look to would be appreciated. Thanks again.

Gus Pichot: Thank you, Lachlan. Good timing, I just came back from China yesterday, I think - I don't know because of the jetlag, but I think it was yesterday. I met with CMRG. Again, we time our meetings depending on how the negotiations are going. But Ben, do you want to add something rather than our meetings are going quite well?

Ben Kuchel: Yeah, sure. What I'd probably add is that obviously we have regular and ongoing engagement with CMRG. In terms of frequency of major negotiations, look, I expect there will ultimately be a routine that evolves, but at this stage, I'd still say that we're evolving this process so it's hard to be specific about a future routine or a future frequency level.

Operator: Thank you. Your next question comes from Paul Young with Goldman Sachs. Please go ahead.

Paul Young: (Goldman Sachs) Hi, again, Dino, just on the decarb program and it's a US\$6.5 billion program and probably the big discussion over the last couple of years has been how has that budget stayed at US\$6.5 considering inflation? I see you gave quite a detailed release a couple of weeks back around the change of scope on this project with respect to installing less renewables and more solar versus wind and going down the battery energy storage route. Is this effectively, just in a very high level, how you've maintained and kept within that budget?

Dino Otranto: It's very dynamic, right, this situation and we didn't know everything when we set out. We faced some learnings and some really good upsides in what we've done. But I think it's testament to the team, that they've just kept driving to a number. I'd call out just the release a couple of weeks ago, it was really immaterial around the mix, there wasn't any major reductions of scope or anything like that. It was actually trying to fast track based on the current fuel security issue which from an economic perspective only makes it even more necessary for us.

Paul Young: (Goldman Sachs) Okay. Thanks, Dino. Then a question on Belinga and maybe one really for Gus, just reflecting and looking back at this project and having a look at other operators within Gabon and their history there and a couple of companies have been operating there for multi-decades and operating rail, et cetera, it's a pretty challenging environment.

I know you've got the 2030 target, which you're somewhat committed to the government, if I look back, work backwards on it, probably will be a three-year construction on a rail and a major rail, I'm just trying to square away when actually FID could occur for Belinga to hit that 2030 target. Understanding obviously using Chinese EPC firms fast tracks it and we've seen all that experience with Simandou and others, but just curious around that 2030 target, the rail and when actually you do need to FID this project.

Gus Pichot: Yes, well, thank you for the question. Yes, you nailed it. I think Gabon is challenging, of course, but again, we're working very hard, as I told you. We have a very good team there. Corey can specify more of the updates specifically with the rail and what are the plans there, but again, challenging, as we said. We have committed to have the first ore on ship in 2030, so it's a stretch target and we are committing to it.

Corey, anything you want to add on the studies and what we're doing there?

Corey Dennis: Thanks, Gus. Corey Dennis here, Director of Projects. So look, we are obviously in the middle of pushing hard on the mining convention. That report will be delivered to the Gabonese Government at the end of this year. We're also exploring the infrastructure required, as

you spoke about, with rail and port and maturing that design as we move forward. The expectation is over the next 12 months that will be to a position where we'll be able to have some more mature discussions around FID.

Operator: Thank you. Your next question comes from Rob Stein with Macquarie. Please go ahead.

Rob Stein: (Macquarie) Hi team, I know you're sensitive around providing commercial details for the new energy project, but perhaps maybe coming at it from a different angle. Can you describe theoretically how you might extract value from this type of investment? Is this a Fortescue equity investment that you'll 100 per cent own and you'll generate revenue at arguably a lower cost of capital? Will you look to sell it down to potentially private equity or others who would place a significant multiple on the earnings and the security if you do have those tier one customers? How should we think about this flowing back to shareholders in terms of a value component?

Dino Otranto: Yes, thanks for the question. I heard overwhelmingly focus on customer two and then all of these options you articulate come to realisation for us. I would say at this stage it's a bit early in terms of how we financially treat the asset, but this is a very different class of investment for us. These are investments that have a much, much longer future dated, perpetuity type infrastructure investments. Data centres and energy consumers in that area are largely much longer in timeframes than the mining projects.

So yes, we certainly are looking to gain the value in both segments now of the organisation, but as you guys have consulted us many times on, let's just get it built, let's get the economics where they need to be, let's get it working, get customer two going and then some of this upside can be realised.

Rob Stein: (Macquarie) Sorry, just as a follow-up, I'm looking at a picture of the CEO of Microsoft and the Prime Minister with this AI announcement and obviously there's potentially linkages there, but how do you think about the total addressable market here and how you penetrate into that with the capabilities that you've built over the last couple of years and that you plan to build going further?

Dino Otranto: Yes, look, great question. This is exactly why we're doing it. We feel we're in a very unique position where we've invested four years into arguably the largest behind-the-meter grid, really, arguably anywhere in the planet now. We have all of that IP in-house and it's coincided perfectly with folks like Microsoft and others who now require that in a timeframe that really matches our own timeframe, which by many seems a bit crazy.

We've got all the project acumen, we've got all the software acumen, we've got everybody there that understands the network. I'd invite anybody on the call to come and have a look at the network live in operation here in Perth. Now it's at a point where we have the landmass, we have the sun, the wind, the battery, all the supply chains all done and we're ready to go.

Operator: Thank you. Your next question comes from Lyndon Fagan with J.P. Morgan. Please go ahead.

Lyndon Fagan: (J.P. Morgan) Thanks for the follow-up, Dino. Just in regards to the US\$680 million announcement, I imagine this is the first of more to come. I'm just wondering, from a high level, is this a strategic pivot, as we've been talking about, into just more and more power investment?

I mean I'm guessing it is, so I'm just wondering do you see this as accretive to your existing EBITDA margin, or dilutive, in terms of the potential earnings generation that can come from this?

Dino Otranto: Look, this is not a new pivot. We have been working very, very diligently in this space for four years all around the world. We're now seeing a massive opportunity open up based on the infrastructure we've built in the Pilbara. In terms of the – it's probably a bit too early to talk about the relative revenue and margins, but we see this business as a significant value driver for our stock.

Lyndon Fagan: (J.P. Morgan) So how should we model that value in terms of we've got capex going into the model, there's obviously no detail at this stage on the economics, we've got more announcements like this coming, I'm guessing. I mean have you got any guide for us to think about the value here? On the other side are we then just deleting any thoughts around green hydrogen and offshore investment that relates to that?

Dino Otranto: Well I think we've been quite public around our position on green hydrogen. We're still very much in the hydrogen camp. Hydrogen is just a factor of green electrons and the bigger your network is of green electrons, the more you depreciate your assets, the cheaper it gets, which makes hydrogen economic. The first step is getting economic green electrons out there and that's what we're doing.

I think the way that you think about it, with respect to all the equity analysts on the call, you may want to tap on your energy analysts in the room next door and look at perpetuity cash flows and multipliers and the like – and our expansion potential. I think that's the uniqueness about our grid in the Pilbara for those who've been there. It's a large, large landmass, huge energy potential, very low population densities, very flat country and Fortescue's in a box position now because we have a high-voltage corridor that runs throughout that network.

What we've really been stunned on, really, is the fact that the assumptions we had around data and latency is now no longer an issue with the training data centres that don't need that high-speed connection. So all of a sudden our landmass, the acumen we've built, the corridors that we've got, the supply chains, turn into a very, very exciting value proposition for us.

Operator: Thank you. Your next question comes from Glyn Lawcock with Barrenjoey. Please go ahead.

Glyn Lawcock: (Barrenjoey) Dino, just to push you a bit further, I mean, I assume when the Board signed off on US\$680 million, the application that was put in front of the Board to sign off would have come with some sort of return envisaged. Can you share that? Is it mid-teens? Is it higher than 20 per cent? I mean I'm sure the submission came with some sort of returns expectation. Thanks.

Dino Otranto: Yes, absolutely it did. We've been on the record in these calls in the past where mining investments will have a very different type of return expectation than our energy investments. However, those numbers that you mentioned, I think, are probably on the conservative side of what we're expecting in this.

Like I said, the market for behind-the-meter, green electrons, for data centres and hyper-scalers, is hot at the moment. They're really incentivised by time to market, so that's what we have here.

We build our networks faster – to a lot of criticism from you lot – faster and cheaper than anyone else and I think now its value potential is pretty eye-watering for us.

Glyn Lawcock: (Barrenjoey) Could I squeeze in one more? Just on CMRG, I mean, the trade journals report that your peer, BHP, on top of value-in-use, has to agree to an additional discount at overall, on top of value-in-use adjustments, is that where the industry is going? Is that similar discussions you're faced with as well, that given they're a big buyer, as anyone would try and exploit that, they're just looking for an overall additional discount on top of the traditional value-in-use adjustments? Thanks.

Gus Pichot: Hello Glyn. Well we won't comment into that and how the negotiations go or don't go, or the trends and what's happening. I think that comes into exactly that, a negotiation and what we think is better for Fortescue. So, Ben, I don't think you want to add anything else, but that's what I'm thinking. Ben, anything to add?

Ben Kuchel: No, nothing else from me on that point, Gus.

Dino Otranto: I'll add a comment, Glyn, to that one. I think I'd just remind everyone that our strategy is not new here. We're not responding to some of our other competitors in what they are or aren't doing. We were there when the CMRG was initiated and it was very clear from day one that they wanted to assert more value in the overall supply chain of China and Australia. I think we have done an extremely good job of that. We have announced financing partnerships, equipment partnerships, energy transition partnerships now and that's really been our strategy. When we're at the negotiating table, that's what we talk about.

Operator: Thank you. Your next question comes from David Coates with Bell Potter Securities. Please go ahead.

David Coates: (Bell Potter Securities) Morning again, thanks for the follow-up. First one is just on the portfolio optimisation exercise you referred to in Iron Bridge and hematite. Are you able to give us sense the range of outcomes that you guys are contemplating for this at the moment?

Dino Otranto: Look I think, again, we've got a bunch of bookends that now is creating an opportunity for us to create the highest value. We've got the shiploader bookend, we've got capital, we've got hematite, we've got Iron Bridge. So like I was trying to get clear today, it's not just about Iron Bridge ramp up anymore, it's about a multi-factored piece of work that we need to do, which we always do, right, but this one has a slight nuance now that the hematite circuit is producing more than we thought.

David Coates: (Bell Potter Securities) Okay, thanks. Just circling back to the secure fuel supply and so on and you did touch on this a little, can you give us a sense of some of the levers that you guys have to pull when it comes to contingency plans and what you might implement, should they be required?

Dino Otranto: Levers aren't any different from any of the other big miners in the Pilbara, right? There are production-critical tasks, there are longer-term supporting tasks that consume a lot of diesel. That's our backup plan should we need to, but as I said before, this for us is a price exposure, not a supply exposure at the moment.

Operator: Thank you. There are no further questions at this time. I'll now hand back to Mr Driscoll for closing remarks.

Andrew Driscoll: Yes, thanks. Thanks Darcy and apologies all, we went a bit over time there. I think it must have been 40-plus questions, but it's really important to us that you have opportunity and that we address your questions. As you've heard, we've achieved record shipments financial year to date and reflecting that robust performance across the supply chain and we're really well placed to meet our market guidance and look forward to providing our next update. Thank you.

Operator: Thank you. That does conclude our conference for today. Thank you for participating. You may now disconnect.

[END OF TRANSCRIPT]