

OPENING REMARKS

SEVEN WEST MEDIA LEADERSHIP MATTERS BREAKFAST

E&OE check against delivery

Dr Andrew Forrest AO, Executive Chairman

When we got rolling at Fortescue, there was no iron ore that was known to be commercial, when we discovered it and mined it. We made it commercial with technology, with innovation. That was always the key. You know, I look back to our forebears, my great uncle, Sir John Forrest, the great engineer who I've always deeply loved. C.Y O'Conner who engineered the longest ever uphill pipeline for about 120 years. That's the pipeline which keeps sustaining the Goldfields today. But they did it in the 1800s. They borrowed six times the state's budget. "It was impossible", people said. "It would cost too much". They, however, were proved wrong.

That bold action, that bold thinking could transform the State of Western Australia. Of course, that got the gold rush going. It got everything going. It was the firelighter to the Australian economy. And we stand at similar crossroads today, ladies and gentlemen. We're facing huge threats. Back then there was typhoid and disease all throughout the Goldfields. Lack of water was killing people, exacerbating unnecessary deaths. Explorers were shutting down, mining companies were shutting down. They needed to get the water out there.

And I'm saying this, ladies and gentlemen – we need to change ourselves. The opportunity is massive in front of us. But so is the threat. So is the threat. It was about two decades ago, I stood in front of you and told a group of alarmed investors, I think, right here in Perth, that the iron ore industry was going to change.

I think BHP were ticking along at 55 million tonnes. Rio Tinto were storming ahead with 77 million tonnes. We were, we were nothing of course. We were 0 million tonnes. And now to put that in perspective, BHP several times, Rio Tinto several times, we've gone from 0 to 200 million tonnes. And so, all those predictions happened, ladies and gentlemen.

But it was quite simple. You could see this future clearly if we just cleared away the smog of short term thinking. It is that short term thinking. It's that politics of small thinking, as my great granduncle once put it, which holds us back. So, I just want to show you a surfer being towed by a jet ski onto a very large monster wave.

And this is what I predicted, that if government got in behind the Pilbara. And of course, I'm speaking to one of the most popular governments in Western Australia's history, there'd be a wave of opportunity which Western Australia could surf. And this is a video I did 20 years ago. It looks a bit daggy. But it does show the determination of this surfer getting absolutely swamped.

I feel for this guy, getting absolutely swamped. But then he survives it and we are going to survive this one. This is, this is a change which is coming, ladies and gentlemen, which is absolutely massive. And we have to get in front of it. There is no doubt whatsoever that there is a savage cost of inaction.

Let's just look at Western Australia. Let's just come straight back home. We have coastal reefs which are really suffering. We've got a Ningaloo Reef. It's the largest, longest fringing coral reef in the world. We've got the Kimberley in the Pilbara and the east Gascoyne systems that have never suffered a heatwave, anything like this.

You know, when I founded that tiny explorer back in 2003, and it became one of Australia's largest taxpayers, it wasn't because we just stuck with the knitting, with what everyone said was possible, it was because we departed from it strongly.

We have since then become the highest shareholder return company on the Australia Stock Exchange and Australia, and Fortescue, has become one of the world's biggest polluters. We think we can just steer headlong into a future, ladies and gentlemen of oil and gas, because that's all we've ever done. So therefore, it's got to be right. It's not right.

That great conductor of the world. The second greatest is the economy. But the greatest is, of course, the ocean. And the heat waves in the ocean are nothing on what we're seeing with the tornadoes going through North America, the water's turning to nearly boiling point off Florida. The massive fires we're seeing throughout California, we've seen in Australia, the huge floods. We call these natural disasters. They are not natural disasters. They are predicted unnatural disasters caused by the consumption of fossil

fuel. Because the energy companies of today only give you, the consumer, the energy which they want to give you. Destructive, polluting energy. They could give you green energy. They just don't want to leave all that oil and all that gas which props up the balance sheet because it's called reserves in the ground.

But we don't really care about that, nor do their shareholders. Their shareholders just want them to make a profit. Well go make a profit. We can now introduce technology ladies and gentlemen, which can convert intermittent renewable energy to full time baseload 24/7 green electricity at the lowest cost in the world. Now there's going to need some rewiring with that to give the consumer, to give the West Australian people a much lower cost of energy.

We're going to need some rewiring to give the world a much more democratic, much more peaceful source of energy, one which can be made all over the world. We're going to need some rewiring, like John Forrest did when he built that pipeline. So, our simple message, ladies and gentlemen, is that there's only one loser here, and we've got to steer through the economic and political turmoil of the day, because decarbonising our planet is not just a necessity. I'm talking to you as a hardcore commercial animal. Get called 'woke', get called 'oh Twiggy went to uni, so he's kind of lost the financial plot'. No, he hasn't. We fought like cats to become the lowest cost iron ore producer in the world. We're not going to give that up. We burn a billion litres of diesel a year. We're up in the top few dozen polluters who do that. But we will save \$1.5 billion a year straight to the bottom line once we stop burning it.

So, I just want to say, ladies and gentlemen, I stand here before you. Just saying, the biggest commercial opportunity which the world has seen is the decarbonising of our planet, the economics are real.

I've spoken to technical people who spend a day or two in the White House. And I've gone through technologies which we have developed here in Western Australia. And that bloke said, you know, Twiggy, I'm really glad that you've got it because you're going to drive it into existence. I won't tell you who the guy is, he said: 'Oil and gas, coal, it's going to be, it's going to look like burning sticks and logs.' It's all it is. I mean, you go down through the geological chain, it's all it is.

But that's what it's going to be. And that future isn't far away. I said, 'And mate, how's your mate in the White House going to cop that?' And he said, 'oh, Twiggy, he'll come

around'. And I believe he will, because the second major conductor of our planet for humans is the economy. And the economy will be driven by the lowest cost of energy for the highest cost of living. It will continue to keep Roger Cook being returned. It will determine who is the right leader or not in the coming election.

But I say this, like Clinton, it's about the economy, stupid. If you want to go after a very serious economy, you will go after green energy. And those who don't, who stick with the past will be part of that past. So let me just give you one small piece of proof.

[Video plays]

So, thank you ladies and gentlemen. My daughter Violet asked me, how long Dad is this speech going to take? I said, don't worry, Vi. I've got a couple of videos in there for you to stop you getting bored. I do want to say that humor aside, that threat and that opportunity, that those massive equal powers, are in existence right now. When I see the, just putting it bluntly, the low grade of our ore in the Pilbara and the high impurities of our ore in the Pilbara, and then I see the massive threat coming from Africa sponsored by our customer, China, of high grade.

I see our own deposits in Africa, enormous, very high grade. I see their conviction to take that crown from Fortescue, from BHP, from Rio, from Western Australia, from Australia, away because they support their people. And that's fair cop. However, they do not have the largest iron ore reserves in the world. Low grade or not, they do not have one of the highest sun energy radiances in the world.

They do not have our conviction. They do not have our drive. They do not have our ferocious determination. And that, ladies and gentlemen, will switch us from the threat to the opportunity. We know now that the next coming wave, chapter two, is green iron.

Let me just give you some basic numbers. The Northwest Shelf, Australia's largest ever resource project – green iron is going to be so much bigger if we get behind this. Right now we dig up iron ore, we ship it to customers. There's no sophistication or strategic thinking in that. It was originally sponsored by the Japanese, and they made us pay for that through a pricing mechanism, which threatened the industry a number of times.

But we do not have to do that. We can process our iron ore right here, using renewable energy resources to make green iron and green products, in the process creating green

jobs and a green export economy, which is absolutely massive. Moving Western Australia from being a producer of iron ore to a producer of green iron. Green iron, ladies and gentlemen, is the hard stuff to make.

You know, most people can make steel because you just add in the cake mix of a bit of chrome, a bit of nickel, whatever you feel like. There's 14,000 different types of steel. But getting the dirt to iron is very hard and very polluting. And we've been doing it the old-fashioned way last 200 years. That's all they did.

Sticks and logs, baby. Let's burn it all. You know, a big pot up goes the smoke. Out comes the iron ore. Very destructive, very destructive. In China, they had these five year plans. They designed their cities really big. And they put the steel mill safely on the outside. But in China, the steel mills are now this big and the steel mills are on the inside of their cities.

And what I'm talking about will cause a labour shift in China. Hundreds of thousands of people will need to find new jobs as the blast furnaces shut down. But that pales to nothing compared to the millions of people who die from airborne particulate poisoning all the time. They're not going to be able to get another job. The momentum in China to do this, and across the world, is very serious.

And if we don't do it, Brazil is going to pick this up. They've got massive hydro. And, by the way, very large iron ore deposits. Saudi Arabia will pick this up because they'll just ship it in. They'll use questionable labor practices. Look the other way baby. And they'll produce green iron shipped in. Or we could do it with proper modern labour practices and great technology, and we could take advantage of the fact that our forebears had the vision to create the iron ore industry in the first place.

It's like Sir Charles Court, to put his gas pipeline down. Great work. But now, 50 years later, it's time. It's time to change. Ladies and gentlemen, we need to move. And we are not going to sit back and do nothing at Fortescue. We are going to roll with this and roll hard. We're setting up a green iron ore industry right here in the Pilbara to continue powering Australia's economy for decades to come.

We have the technology and the renewable energy to create a new product, this new metal called steel. And ladies and gentlemen, just to compare again, North West Shelf ships out about \$80 billion worth of gas. We ship out in the iron ore industry \$90 to \$100 billion, like really big numbers. Turn that to green iron. You've got an industry which could make between \$350 and \$500 billion, three to five times the size.

The worth of these industries will be at least triple what the entire iron ore industry and the entire gas industry, which, by the way, makes for Western Australia's economy and drives the Australian economy, happen. Three to five times that size, ladies and gentlemen. So, I just want to say, we can see a way clear to hundreds and hundreds of thousands of new jobs.

Last year, just quickly, royalties and taxes, I think, equaled the state and federal government's more than \$30 billion from the iron ore sector. That's a hell of a contribution. More than double WA's health budget alone. Those three iron ore players are our biggest tax payers in the country. Rio Tinto, BHP and Fortescue. Thank you, Rio Tinto, for being here. It's an honor to have you here. But inaction, ladies and gentlemen, will cost serious jobs across the economy as well as massive government revenues.

With the right leadership in the industry and in government, a green iron industry can roll and can roll this decade. Premier Roger Cook, my friend. Your government, Made in WA plan envisages leveraging our renewable resources to enable downstream processing and manufacturing, setting the course for this economic transition. This is the real leadership, Premier Cook, which we need. I commend you and the team for doing this. But now let's drive it into action. Doing it as we have always done it, Premier Cook, will not achieve a new vision. Einstein's great philosophy, hoping to get a different result doing the same thing defines insanity. So, we in Western Australia must do things differently. And you know we're not alone in our pursuit of green iron.

Rio and BHP have their own plans. If they're thinking about using gas from fossil fuel, then I'd really question that. But the technology I've seen from our two wonderful competitors is really good. And we at Fortescue are moving super fast. We have the vision to turn these 200 million tonnes of iron ore into 100 million tonnes per annum of green iron, and last year we started work on our first plant. We will finish it this year and we're on track to achieve first commercial green iron at the end of this year.

This year, ladies and gentlemen. We're completing a study right now on a million tonnes of green iron. Then we'll jump to 10 million tonnes. And then of course, 60 and to 100.

Ladies and gentlemen, China needs green iron. I've explained it. We know that we must have it. We know they must have it. The world is paying big premiums right now for green steel. As you know, 95% of green steel is green iron. And that's got to be made somewhere. So, ladies and gentlemen, as I say. Now is the time to change. Now is the time to grow. Now is the time.

When I spoke to Ben Harvey several weeks ago, he questioned me about the predictions I've made in the past. And I've taken you to that prediction that the iron ore industry was going to change massively.

It has, and it's underpinned the Australian economy ever since. And, you know, I'm not going to predict the iron ore price, but I can tell you this – when huge new supply of a much higher grade product is coming straight into your market, then the right thing to do is change your market. Keep competitive.

Technology we have today doesn't care if it's low grade or high grade. You don't get a premium for high grade with the technology which Fortescue is developing right now. You get to put lower grade through and still make highly commercial green metal. And so let me leave you with this. No other place on earth has what we have. The raw materials, renewable energy, the spirit – the spirit to do something truly world changing.

You know, that same spirit which got those explorers going out in the desert. That same spirit 120 years ago, which this state had when we put aside the politics of small thinking, when we put aside, ladies and gentlemen, the fact we've always done it, therefore it's all we'll ever do. No, ladies and gentlemen, now is the time that we change.

Now is the time, ladies and gentlemen, where you develop your state. You are part of your country. Where you fire your own imagination. Where you know that there is a much stronger future than the one we've had. And if we stick with the future we thought we had, we are going to be in the past. We will be beaten as all the major empires, when the Berlin Wall fell, when the Roman Empire fell. The oil and gas sector and the old iron ore sector will fall but convert, keep leading the future Western Australia. Have the courage Australia and our country and our state will stay in front. Thank you.