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28 October 2026

PLS signs long term power agreement to lower costs and emissions intensity at Pilgangoora

PLS Group Limited (ASX: PLS) (PLS or the Company) is pleased to announce that its wholly owned subsidiary, Pilgangoora Operations Pty Ltd has executed a 20 year power purchase agreement (PPA or Fortescue PPA) with FMG Clean Energy Pty Ltd, a wholly owned subsidiary of Fortescue Ltd (ASX: FMG) (Fortescue) for the supply of a committed minimum of 325 GWh per annum of electricity to the Pilgangoora Operation, to support Pilgangoora's growing forecast power demand under the P2000 operating model.

The PPA underpins the Company's Pilgangoora Power Strategy, delivering a materially lower cost of power, enhanced long-term energy security, capacity for future growth and a substantially higher share of renewable energy in the Pilgangoora power mix.

HIGHLIGHTS

- Lower operating costs: expected reduction in unit operating costs (FOB) of approximately $15–20/t compared to the recently announced 10 year average P2000 operating costs[1], further improving Pilgangoora's long-term cost competitiveness.
- Long-term power supply: 20-year PPA with Fortescue providing a committed minimum of 325 GWh per annum of electricity with commencement targeted for calendar year 2029.
- Material emissions reduction: Pilgangoora's power-related emissions intensity expected to decrease, materially supporting delivery of the Company's Power Strategy.
- Capital investment: approximately $150M for transmission connection and power infrastructure upgrades, phased across FY27 – FY29.
- Future-ready infrastructure: new transmission connection with capacity exceeding 100 MW, supporting the P2000 Project and providing capacity for potential growth optionality including underground mining and fleet electrification.

PLS Managing Director and CEO, Dale Henderson, said:

"We are pleased to partner with Fortescue and become their first external Green Grid customer. We commend Fortescue's leadership in bringing its vision for large-scale, lower-emissions power infrastructure across the Pilbara to life, and strongly support the opportunity for shared infrastructure to benefit industry across the region.

This agreement further strengthens our low-cost position at Pilgangoora, improving our competitiveness and resilience through lithium market cycles. Access to lower-cost, lower-emissions power will deliver further improvements to the economics of our recently approved P2000 Project expansion, beyond those announced at FID, while providing capacity to support future growth."

Fortescue Chief Executive Officer, Dino Otranto, said:

"We started building the Green Grid for our own operations, but we could see strong demand for cheap, green, reliable power across the Pilbara and an opportunity to supply other customers too.

"This agreement is an important first step and cements our role as an energy supplier. It will help power PLS' expansion, support economic growth in the region, and create a new, long-term revenue stream for Fortescue.

"PLS is our first customer, with a strong pipeline of others across the Pilbara looking to our Green Grid for greater choice and flexibility in how they source their power."

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POWER PURCHASE AGREEMENT

The PPA will connect Pilgangoora to Fortescue's Turner River solar farm and 220kV substation via a new ~25km, 220kV transmission line. PLS will fund and own ~20km of this line, which follows the existing mine access road to a new 220/33kV receiving substation at Pilgangoora. On-site powerlines will be upgraded to 33kV to distribute power to all key Pilgangoora facilities. The connection is sized above 100 MW, well beyond P2000 requirements, positioning Pilgangoora to accommodate future growth optionality including potential underground mining and fleet electrification without further transmission investment.

The processing plant and other power needs will be provided by a mix of the Fortescue Green Grid, and Pilgangoora's existing power generation (a combination of LNG-fuelled gas engines, solar and diesel across the Pilgan and Ngungaju power stations) and battery energy storage systems (BESS). Supply under the PPA is not firm and PLS will expand its on-site generation to manage any interruption to supply.

The Fortescue PPA is subject to certain conditions precedent that need to be satisfied or waived before the agreement becomes effective, including a related construction agreement between PLS and Fortescue being executed and becoming unconditional.

ECONOMIC BENEFITS

The agreement is expected to strengthen Pilgangoora's ability to remain competitive through lithium market cycles, consistent with PLS' focus on operating efficiency and disciplined capital investment.

The P2000 Feasibility Study and recent FID were based on an expansion of the existing on-site power solution. Taking the Fortescue PPA into account, previously quoted P2000 unit operating costs (FOB) are expected to reduce by ~$15-20/t.

Capital expenditure for the connection and power infrastructure upgrades are estimated at approximately $150M over a three year period with an expected spend profile of approximately $20M in FY27, $85M in FY28 and $45M in FY29.

This investment will be incorporated in the ongoing "Enhancing Infrastructure" capital guidance provided by the Company. The PPA is expected to be strongly value accretive, with the lower cost of power and the material reduction in emissions intensity substantially outweighing the capital investment over the term of the agreement.

PROGRESSING PLS POWER STRATEGY

Connecting to the Fortescue Green Grid represents the lowest-cost power supply solution identified for PLS, while delivering a significant step towards the Company's emissions targets. Fortescue is developing one of the world's largest inverter-based renewable energy networks, supporting reduced reliance on on-site diesel and gas generation across the Pilbara.

PLS has completed a review of its Pilgangoora Power Strategy following an assessment of market conditions, regional renewable generation and transmission availability, technology and capital costs, and the Company's future power requirements, including those of the P2000 Project expansion.

This review reaffirms the Stage 3 emissions intensity as set out in the 2023 Power Strategy[2], however, removes the need for the previously contemplated interim Stage 2 pathway and the associated on-site solar investment.

PLS' power strategy is anticipated to achieve power-related emissions intensity reductions of up to ~80%, from the FY23 baseline of 0.69 tCO_2-e/MWh to ~0.13 tCO_2-e/MWh[3], within the original FY30 timeframe.

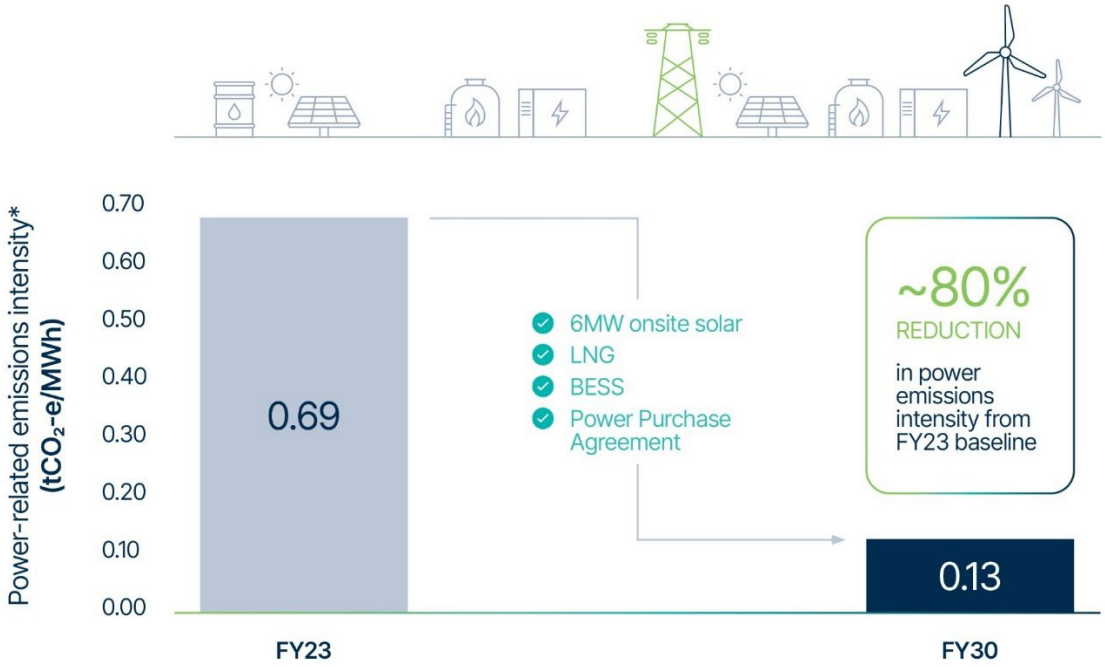
These forecasts are based on total Pilgangoora site power consumption, including camp facilities, PLS' own renewables and power network and assume the modelled development of Fortescue's projected Green Grid configuration and associated network emissions intensity.

PLS has already delivered Stage 1 of the strategy, achieving a ~20% reduction in power-related emissions intensity in FY25 compared with the baseline year through the installation of new gas-fired generation, LNG storage infrastructure and BESS.

Supply under the PPA is targeted to commence in calendar year 2029, subject to completion of detailed design, regulatory approvals, construction of the transmission and connection infrastructure and commissioning. PLS and Fortescue are now progressing the approvals, engineering studies and project delivery activities required to achieve this timeline.

The Pilgangoora Power Strategy supports the Company's emissions intensity reduction pathway and aligns with its ambition of achieving net zero Scope 1 and Scope 2 emissions in the decade commencing 2040.

Figure 1. Forecast Pilgangoora Operation power-related emissions intensity[4]



Release authorised by Dale Henderson, PLS Managing Director and CEO.

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About PLS

PLS is a leading global producer of lithium materials, with a diversified portfolio of assets and strategic partnerships in the rapidly growing battery materials sector. The Group owns 100% of the world's largest, independent hard-rock lithium operation, the Pilgangoora Operation in Australia, and the Colina Lithium Project in Brazil. PLS is also integrated into the lithium value chain through its joint venture with POSCO in South Korea, which manufactures battery-grade lithium hydroxide. With significant scale, high-quality assets, and a strong commitment to advancing the global energy transition, PLS has established enduring partnerships with leading international companies in the sector including POSCO and Ganfeng.

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Important Information

This announcement contains forward-looking statements, including statements regarding the anticipated benefits of the PPA, future power and unit operating costs, capital expenditure, emissions intensity outcomes, the forecast emissions intensity of Fortescue‘s Green Grid, future energy supply arrangements, the timing of supply commencement and project implementation, future growth options and the potential impact on the economics of the P2000 Expansion Project. Words such as "expect", "anticipate", "target", "forecast", "will" and similar expressions identify forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of PLS. Actual results, performance or achievements may differ materially from those expressed or implied in such statements.

Forward-looking statements in this announcement are based on information available to PLS as at the date of this announcement and current expectations, estimates and assumptions regarding future events. Factors that could cause actual outcomes to differ materially include, but are not limited to, changes in market conditions, electricity and fuel prices, regulatory approvals, land tenure and permitting requirements, network connection arrangements, construction and commissioning outcomes, the performance and availability of Fortescue’s Green Grid and generation assets, the timing and extent of renewable generation and load added to Fortescue’s Green Grid, capital and operating costs, renewable energy generation performance and other risks associated with mining operations and project development.

Guidance as to production, unit costs and capital expenditure is based on assumptions, budgets and estimates existing at the time of assessment which may change over time impacting the accuracy of those estimates. These estimates are developed in the context of an uncertain operating environment including in respect of inflationary macroeconomic conditions, incomplete engineering and uncertainties surrounding the risks associated with mining and further optimisation and development of the Pilgangoora Operation which may impact production and have a flow on effect on sales. Actual results may therefore vary significantly depending on these risks and the timing required to address them. These statements should not be relied upon as a predictor of future performance.

Supply under the PPA is not firm and PLS will expand its on-site generation to manage any interruption to supply. References to future cost reductions, emissions intensity outcomes, capital expenditure, operating cost improvements and other forecast benefits are indicative only, are based on the assumptions used in the Company's internal evaluation and should not be relied upon as guarantees of future performance.

All references to dollars ($) in this announcement are to Australian dollars, unless otherwise stated.

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[1] For more information refer to the ASX release “PLS approves P2000 FID to lift production to ~2Mtpa” dated 16 October 2026.
[2] For more information refer to the ASX release “Power strategy to reduce emissions intensity and costs” dated 21 December 2023.
[3] Location-based emissions intensity reflects the forecast emissions intensity of electricity supplied to Pilgangoora and does not reflect market-based accounting adjustments. Actual emissions intensity may vary over time depending on the network generation portfolio and operating conditions.
[4] PLS’ forecast emissions reduction outcomes are based on total site power consumption, including camp facilities and assume delivery of Fortescue’s projected Green Grid network configuration and associated emissions intensity. Actual emissions outcomes may differ from current forecasts if these assumptions are not realised.