

23 August 2022

South32 Limited
(Incorporated in Australia under the *Corporations Act 2001* (Cth))
(ACN 093 732 597)
ASX / LSE / JSE Share Code: S32; ADR: SOUHY
ISIN: AU000000S320
south32.net

DENDROBIUM NEXT DOMAIN UPDATE

South32 Limited (ASX, LSE, JSE: S32; ADR: SOUHY) (South32) announces today that we will not proceed with an investment in the Dendrobium Next Domain (DND) project at Illawarra Metallurgical Coal following our consideration of recently completed study work and extensive analysis of alternatives.

While our work on the project demonstrated the potential to meaningfully extend the life of the Dendrobium mine, expected returns from the ~US\$700M up-front capital expenditure estimate are not sufficient to support an investment relative to alternatives considered for the complex.

With this decision, we will now focus on continuing to optimise Dendrobium and the broader Illawarra Metallurgical Coal complex to extend the mine life within approved domains. This work includes existing plans for Appin, where we have been investing to support its transition to a single longwall from FY25, bringing further operating and capital efficiencies. Looking forward, our investments at Appin include planned work to install additional ventilation capacity to enable mining in the current Area 7 until at least 2039¹. Although this ~US\$260M² investment remains subject to South32 Board approval, it has been incorporated in our previously announced FY23 and FY24 Safe and reliable capital expenditure guidance³.

Average annual saleable production of ~5.5Mt with Operating unit costs of ~US\$105/t to US\$120/t is expected from the current configuration beyond FY23⁴, with further improvements to be targeted to sustainably bring unit costs to the bottom of the range.

South32 Chief Executive Officer, Graham Kerr said: "Our decision today follows an extensive analysis of the alternatives for Dendrobium together with the anticipated returns from the up-front capital investment which would be required.

"Over the past 18 months we have made significant progress actively reshaping our portfolio and this decision increases our capacity to direct capital towards other opportunities. This includes our world class development options in North America that have the potential to underpin a significant growth profile to produce metals critical to a low carbon future, servicing strategically important supply chains."

¹ The information in this announcement that refers to the Production Target and forecast financial information for the Appin mine at Illawarra Metallurgical Coal is based on Proved (11%) and Probable (89%) Coal Reserves from Bulli. Material assumptions for the Production Target and forecast financial information are included in the Production Target cautionary statement on Page 2.

² Includes ~US\$60M in FY23 and ~US\$80M in FY24, based on an AUD:USD exchange rate of 0.69.

³ Refer to the market announcement "Strategy and Business Update" dated 17 May 2022.

⁴ Based on average between FY24 and FY28, on a real basis with a AUD:USD exchange rate of 0.69, with outcomes to vary depending on the timing of longwall moves. The information in this announcement that relates to the Production Target for Illawarra Metallurgical Coal (FY24 to FY28) is based on 23% Proved and 52% Probable Coal Reserves, and 20% Measured and 5% Indicated Coal Resources from Wongawilli, and 11% Proved and 89% Probable Coal Reserves from Bulli. Material assumptions for the Production Target and forecast financial information for FY24 to FY28 are included in the Production Target cautionary statement on Page 2.

About us

South32 is a globally diversified mining and metals company. Our purpose is to make a difference by developing natural resources, improving people's lives now and for generations to come. We are trusted by our owners and partners to realise the potential of their resources. We produce commodities including bauxite, alumina, aluminium, copper, silver, lead, zinc, nickel, metallurgical coal and manganese from our operations in Australia, Southern Africa and South America. With a focus on growing our base metals exposure, we also have two development options in North America and several partnerships with junior explorers around the world.

Production Target cautionary statement

The Coal Resources and Coal Reserves estimates underpinning the Production Target have been prepared by Competent Persons and reported in accordance with the JORC Code. The Coal Resources and Coal Reserves estimates are available to view in South32's FY21 Annual Report (<http://www.south32.net>) published on 3 September 2021. The stated Production Target is based on South32's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

Forward-looking statements

This release contains forward-looking statements, including statements about trends in commodity prices and currency exchange rates; demand for commodities; production forecasts; plans, strategies and objectives of management; capital costs and scheduling; operating costs; anticipated productive lives of projects, mines and facilities; and provisions and contingent liabilities. These forward-looking statements reflect expectations at the date of this release, however they are not guarantees or predictions of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release. Readers are cautioned not to put undue reliance on forward-looking statements. Except as required by applicable laws or regulations, the South32 Group does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance. South32 cautions against reliance on any forward-looking statements or guidance, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption arising in connection with COVID-19.

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Further information on South32 can be found at www.south32.net.

Approved for release by Graham Kerr, Chief Executive Officer
JSE Sponsor: The Standard Bank of South Africa Limited
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