

QUARTERLY REPORT

June 2023



- We achieved strong year-on-year growth in aluminium, copper and manganese, setting three annual production records and realising the benefit of our investments in commodities for a low-carbon future.
- Group copper equivalent production¹ increased by 9% in the June 2023 quarter, underpinned by a return to stable operations following adverse weather and other temporary impacts in the prior quarter.
- FY23 Operating unit costs are expected to be in-line with our previously updated guidance.
- Aluminium production increased by 14% in FY23, as Hillside Aluminium achieved record production and we benefited from our investments in low-carbon aluminium² capacity at Mozal Aluminium and Brazil Aluminium.
- Alumina production declined by 4% in FY23 due to temporary outages in the June 2023 quarter. Both refineries have returned to nameplate production rates and FY24 guidance is unchanged.
- Base metals production increased by 17%³ in FY23 as we embedded the Sierra Gorda copper operation⁴ in our portfolio, while our Cannington zinc-lead-silver and Cerro Matoso nickel operations achieved revised guidance.
- Australia Manganese and South Africa Manganese achieved annual production records, delivering a 4% increase in manganese production in FY23.
- Illawarra Metallurgical Coal achieved revised FY23 production guidance, with improved longwall performance delivering a 21% increase in metallurgical coal production in the June 2023 quarter.
- We advanced study work for our Taylor zinc-lead-silver and Clark battery-grade manganese development options at our Hermosa project, the first mining project in the United States to be covered by the FAST-41 process.
- Today, we announced an upgrade to the Mineral Resource estimate for the Taylor deposit⁵, and our best exploration drill results to date from our Peake copper exploration prospect⁶.
- We will record a non-cash impairment expense for our Taylor deposit in our FY23 financial results⁷, reflecting delays from the impact of COVID-19, significant dewatering requirements and current inflationary market conditions.

South32 Chief Executive Officer, Graham Kerr: "We had a strong finish to the year, with Group copper equivalent production growing 9% in the quarter. Our strong operating results included record annual production at Hillside Aluminium, Australia Manganese and South Africa Manganese. Aluminium production increased by 14% and base metals production by 17% in FY23, supported by our recent investments in commodities critical to a low-carbon future.

"We maintained our disciplined track record of capital allocation, returning a record US\$1.2B to shareholders in FY23 while continuing to invest in our high-quality growth options.

"Significant milestones were achieved at our Hermosa project, as we advanced our Taylor and Clark development options and returned exciting copper exploration results from our Peake prospect. Hermosa was also confirmed as the first mining project in the United States to be covered by the FAST-41 process, underlining its potential to strengthen the domestic supply of critical minerals.

"We progressed our greenfield exploration programs, exercising our earn-in right to acquire a 50.1% interest in the Chita Valley copper exploration project, located in Argentina's highly prospective San Juan mineral belt.

"Looking forward, we are well placed to continue to capitalise on the global energy transition. We expect to deliver further production growth in aluminium and base metals in FY24, and our high-quality development options have the potential to further strengthen our long-term supply of critical minerals."

Production summary

South32 share	FY22	FY23	YoY	4Q22	3Q23	4Q23	QoQ
Alumina production (kt)	5,288	5,101	(4%)	1,361	1,239	1,249	1%
Aluminium production (kt)	992	1,133	14%	255	279	286	3%
Payable copper production (kt)	25.3	70.7	179%	16.9	15.5	17.3	12%
Payable silver production (koz)	13,199	11,813	(11%)	2,836	2,479	3,522	42%
Payable lead production (kt)	120.6	101.7	(16%)	25.8	21.0	28.3	35%
Payable zinc production (kt)	64.5	59.2	(8%)	15.4	12.6	16.2	29%
Payable nickel production (kt)	41.7	40.8	(2%)	10.8	10.2	10.2	0%
Metallurgical coal production (kt)	5,712	5,497	(4%)	1,380	1,240	1,504	21%
Manganese ore production (kwmt)	5,432	5,653	4%	1,469	1,261	1,455	15%

Unless otherwise noted: percentage variance relates to performance during the financial year ended June 2023 compared with the financial year ended June 2022 (YoY), or the June 2023 quarter compared with the March 2023 quarter (QoQ); production and sales volumes are reported on an attributable basis.

CORPORATE UPDATE

Sustainability

- We continue to implement a multi-year Safety Improvement Program that was launched in FY22. The program aims to shift mindsets through leadership, empower our people, reduce risks with effective controls, and improve systems and metrics. Our investment in safety leadership includes our 'Lead Safely Every Day' program, which commenced in FY23 and will continue in FY24.
- We continue to advance decarbonisation programs to support our target⁸ to halve our operational greenhouse gas (GHG) emissions by 2035. Worsley Alumina is on-track to convert its first coal fired boiler to natural gas in the September 2023 quarter, improving energy security and supporting the refinery's transition to lower carbon energy. The boiler conversion is expected to reduce the refinery's operational GHG emissions by up to ~205,000 tonnes per annum or ~6% from FY22 levels.

Income statement items

- We expect to report FY23 Operating unit costs in-line with our previously updated guidance.
- As announced today⁷, we will record a non-cash impairment expense of ~US\$1,300M for the Taylor deposit in our FY23 financial results, resulting in a carrying value of ~US\$1,001M for our Hermosa project as at 30 June 2023. The carrying value of the Clark deposit and our regional exploration land package is unchanged. The impairment expense will be excluded from FY23 Underlying earnings.

The impairment of the Taylor deposit reflects the impact of delays due to COVID-19, significant dewatering requirements, and current inflationary pressures. There remains substantial opportunity to unlock additional value across Taylor, Clark and our highly prospective regional exploration package and that optionality is not included in the impairment assessment.

- FY23 Group Underlying depreciation and amortisation is expected to be ~US\$920M, including ~US\$125M for our manganese business and ~US\$140M for Sierra Gorda.
- FY23 Group Underlying net finance costs are expected to be ~US\$190M.

Cash flow and balance sheet items

- We received net distributions⁹ of US\$173M (South32 share) from our manganese equity accounted investments (EAI) in FY23. This included net distributions of US\$79M in the June 2023 quarter, as both Australia Manganese and South Africa Manganese increased quarterly sales volumes.
- Our Sierra Gorda EAI invested in plant de-bottlenecking and study work for the operation's fourth grinding line expansion. We received net distributions of US\$14M from our Sierra Gorda EAI in FY23.
- We received up-front cash proceeds of US\$48M and deferred cash instalments of US\$27M from our sale of non-core base metal royalties to Ecora Resources PLC (Ecora Resources) for up to US\$200M¹⁰. We made tax payments of US\$32M in relation to the sale during FY23 and expect to pay US\$16M in H1 FY24.
- FY23 Group safe and reliable and improvement and life extension capital expenditure (excluding EAI) is expected to be ~US\$545M. Our share of safe and reliable and improvement and life extension capital expenditure for our EAI is expected to be ~US\$280M.
- We paid a record US\$1,007M in fully-franked ordinary and special dividends during FY23¹¹. We also returned US\$218M to shareholders via our on-market share buy-back, purchasing a further 83M shares at an average price of A\$3.97 per share in FY23. Our US\$2.3B capital management program is 96% complete with US\$83M remaining to be returned ahead of its extension or expiry on 1 September 2023¹².

Tax

- The Group made tax payments of US\$818M in FY23, including US\$115M in relation to our Sierra Gorda acquisition. Of this amount, ~€92M (~US\$94M at the payment date) relates to pre-closing tax liabilities for Sierra Gorda which we are seeking to recover from the vendors¹³. No further acquisition related tax payments are required.
- Our FY23 Group Underlying effective tax rate (ETR) is expected to be ~36%, reflecting our geographical earnings mix and the corporate tax rates of the jurisdictions in which we operate¹⁴, including recent changes in Colombian tax legislation¹⁵. The Colombian tax changes, which were effective from January 2023, are expected to increase the Group's Underlying ETR in future periods.

DEVELOPMENT AND EXPLORATION UPDATE

We continue to actively reshape our portfolio, progressing our development and greenfield exploration options to further enhance our exposure to commodities critical to a low-carbon future.

We invested US\$256M of growth capital expenditure at our Hermosa project in FY23, achieving significant milestones. We progressed the feasibility study for the Taylor zinc-lead-silver deposit, confirmed the potential to produce battery-grade manganese from our Clark deposit, and installed critical path dewatering infrastructure.

During the June 2023 quarter, Hermosa was confirmed by the US Federal Permitting Improvement Steering Council as the first mining project to be covered by the FAST-41 process, reflecting its status as currently the only advanced project in the United States with the potential to supply two federally designated critical minerals, zinc and manganese.

Greenfield exploration continues to play a critical role in our approach to embedding growth options in base metals, with more than 25 options across our partnerships and own properties. We consolidated our position in the highly prospective San Juan mineral belt in Argentina during FY23, exercising our earn-in right to acquire a 50.1% interest and operatorship in the Chita Valley copper exploration project¹⁶ and acquiring a 9.9% interest in Aldebaran Resources Inc.¹⁷.

Hermosa project – Taylor deposit

- The feasibility study for the Taylor deposit is on-track for H1 FY24, as we align the mine development schedule for a federal permitting process under FAST-41 and incorporate current market cost estimates. Feasibility study work to date has validated the potential for a highly productive zinc-lead-silver underground mine and conventional processing plant with a nameplate processing rate of up to 4.3 million tonnes per annum.
- Today, we released an updated Mineral Resource estimate for the Taylor deposit⁵ that supports the ongoing feasibility study work. The Mineral Resource estimate (Table A) has been upgraded to 153Mt, averaging 3.53% zinc, 3.83% lead and 77g/t silver. The upgrade includes a 41% increase in the Measured Mineral Resource, providing a compelling base to underpin future production. The deposit remains open in several directions, offering the potential for further growth.

Table A: Mineral Resources for the Taylor deposit as at 30 June 2023⁵

Ore Type	Measured Mineral Resources				Indicated Mineral Resources				Inferred Mineral Resources				Total Mineral Resources			
	Mt ^(b)	% Zn	% Pb	g/t Ag	Mt ^(b)	% Zn	% Pb	g/t Ag	Mt ^(b)	% Zn	% Pb	g/t Ag	Mt ^(b)	% Zn	% Pb	g/t Ag
UG Sulphide ^(a)	41	4.22	4.25	67	83	3.38	3.91	76	28	2.96	2.97	93	153	3.53	3.83	77

Million dry metric tonnes^(b), % Zn – percent zinc, % Pb – percent lead, g/t Ag – grams per tonne of silver.

Notes:

- Cut-off grade: NSR of US\$80/dmt for UG Sulphide. Input parameters for the NSR calculation are based on South32's long-term forecasts for zinc, lead and silver pricing; haulage, treatment, shipping, handling and refining charges. Total metallurgical recovery assumptions differ between geological domains and vary from 85% to 92% for zinc, 89% to 92% for lead, 76% to 83% for silver.
- All masses are reported as dry metric tonnes (dmt). All tonnes and grade information have been rounded to reflect relative uncertainty of the estimate, hence small differences may be present in the totals.

Hermosa project – Clark deposit

- We are progressing our Clark battery-grade manganese deposit through three strategic pathways to de-risk the path to potential production:
 - Progressing a single option to produce up to 185ktpa¹⁸ of high-purity manganese sulphate monohydrate (HPMSM) for the North American market through pre-feasibility and feasibility stages, with initial production from a demonstration plant, prior to a final investment decision;
 - We have commenced pilot scale production to generate HPMSM for product feedback from customers and inform demonstration plant design. We have approved construction of a decline to provide access to ore to facilitate demonstration scale production, with construction of the decline expected to be completed by the end of CY25; and
 - Engaging with potential customers, including the execution of multiple non-binding, non-exclusive memorandums of understanding, to assist in our market development, product quality and qualification requirements.

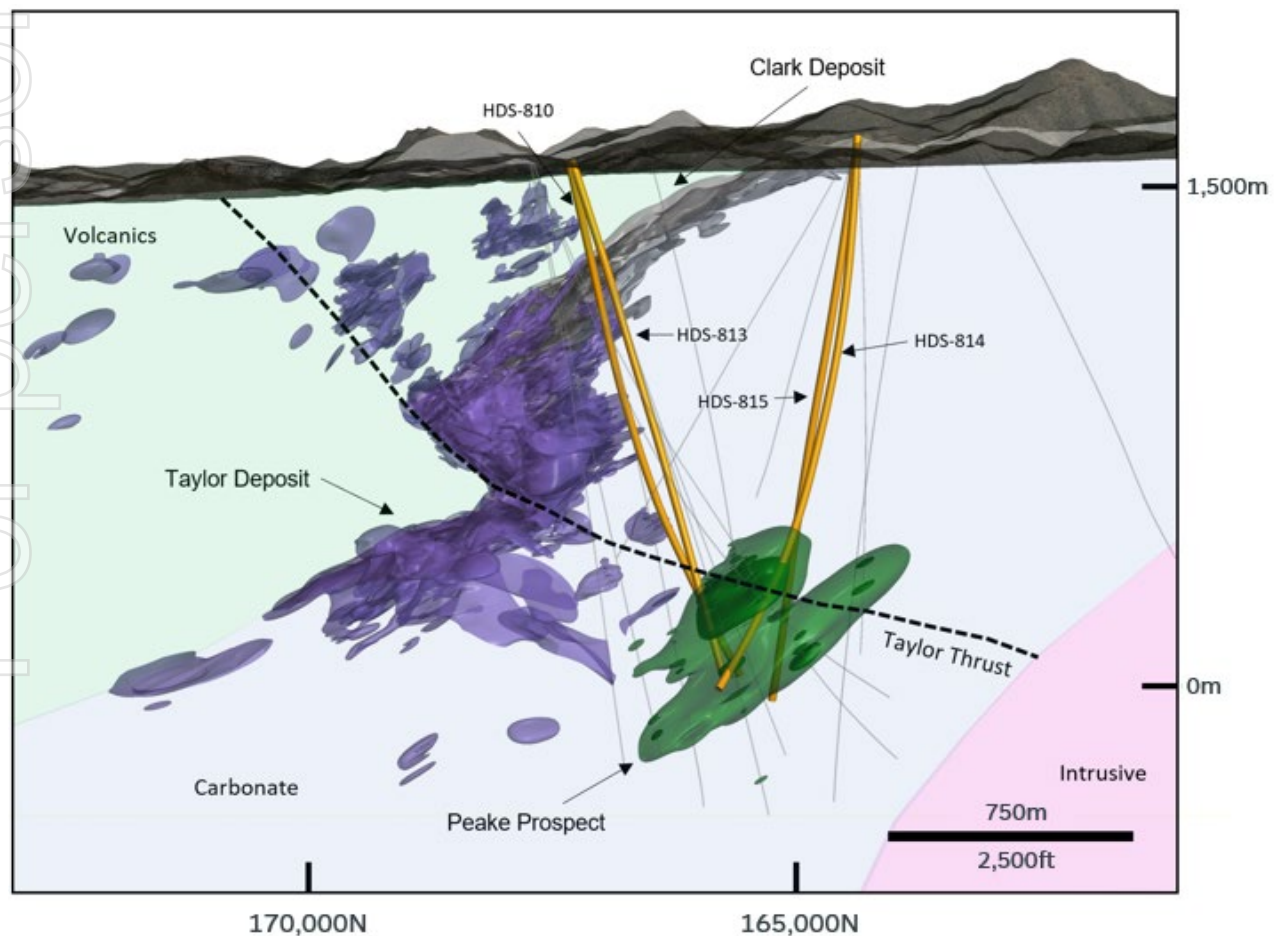
Hermosa project – Exploration

- We directed US\$20M to capitalised exploration during FY23, completing multiple exploration programs across Hermosa's highly prospective land package.
- Today, we released results from the four most recently completed exploration drill holes at our Peake copper-lead-zinc-silver prospect⁶, a lateral zone prospective for copper mineralisation, located south of the Taylor deposit.
- The results include our best intercept at Peake to date, with diamond drill hole HDS-813 returning a downhole intersection of 139m @ 1.88% copper, 0.51% lead, 0.34% zinc and 52g/t silver at 2.49% CuEq¹⁹ including 58.2m @ 3.1% copper, 0.6% lead, 0.24% zinc, 74g/t silver and 0.015% molybdenum at 3.84% CuEq¹⁹. Further detail is shown in Table B below.
- We consider the results to be supportive of future exploration potential, with the Peake prospect remaining open in several directions. Further exploration drilling at Peake is planned in H1 FY24.

Table B: Selected Peake drilling results⁶

Hole ID	From (m)	To (m)	Cut Off	Width (m)	Zinc (%)	Lead (%)	Silver (ppm)	Copper (%)	Molybdenum (%)	CuEq ¹⁹ (%)
HDS-810	No Significant Intersection									
HDS-813	1302.7	1441.7	0.2% Cu	139	0.34	0.51	52	1.88	-	2.49
	Including									
	1315.1	1424	0.2% Cu	109	0.32	0.52	60	2.27	-	2.93
HDS-814	Including									
	1333.8	1392	0.2% Cu	58.2	0.24	0.6	74	3.1	0.015	3.84
	1192.7	1545.6	0.2% Cu	353	0.1	0.2	12.1	0.28	-	0.45
	Including									
HDS-815	1242.4	1268	0.2% Cu	25.6	0	0	14.3	0.7	-	0.8
	1442.3	1476.8	0.2% Cu	34.4	0.5	0.5	17.3	0.35	-	0.78
HDS-815	No Significant Intersection									

Cross-section through the Taylor, Clark and Peake mineralisation domains showing the previously reported and new exploration holes, simplified geology and Taylor Thrust – looking east 2000m wide



Greenfield exploration

- We invested US\$42M in our greenfield exploration opportunities during FY23, as we progressed multiple programs targeting base metals in Australia, USA, Canada, Argentina, Peru and Ireland.
- Following the end of the period, we commenced an inaugural exploration drilling campaign at our 100% owned Roosevelt project in Alaska, targeting potential copper and zinc mineralisation. The exploration program is scheduled to be completed in H1 FY24.

Other exploration

- We invested US\$65M (US\$43M capitalised) in exploration programs at our existing operations and development options during FY23, including US\$20M at the Hermosa project (noted above, all capitalised), US\$9M at Ambler Metals (all capitalised), US\$2M for our manganese EAI (US\$1M capitalised) and US\$7M for our Sierra Gorda EAI (US\$3M capitalised).

PRODUCTION SUMMARY

Production guidance (South32 share)	FY22	FY23	FY23e ^(a)	% ^(b)	Comments
Worsley Alumina					
Alumina production (kt)	3,991	3,839	4,000	96%	Higher calciner availability in Q4 FY23, partially offset by a temporary bauxite conveyor outage
Brazil Alumina (non-operated)					
Alumina production (kt)	1,297	1,262	1,340	94%	Temporary port infrastructure outage and maintenance in Q4 FY23
Brazil Aluminium (non-operated)					
Aluminium production (kt)	0.3	68.9	75	92%	Slower than expected ramp-up of the smelter
Hillside Aluminium ²⁰					
Aluminium production (kt)	714	719	720	100%	Achieved record annual production despite elevated load-shedding
Mozal Aluminium ^{20, 21}					
Aluminium production (kt)	278	345	340	101%	Recovery plan delivered as expected in Q4 FY23
Sierra Gorda (non-operated)					
Payable copper equivalent production ²² (kt)	30.6	86.2	89.0	97%	Stronger copper production in Q4 FY23, offset by lower molybdenum output
Payable copper production (kt)	25.3	70.7	71.8	98%	
Payable molybdenum production (kt)	0.4	1.2	1.5	80%	
Payable gold production (koz)	9.6	28.8	29.9	96%	
Payable silver production (koz)	253	630	582	108%	
Cannington					
Payable zinc equivalent production ²³ (kt)	224.2	195.6	195.9	100%	Recovered from weather impacts in Q3 FY23
Payable silver production (koz)	12,946	11,183	11,000	102%	
Payable lead production (kt)	120.6	101.7	102.0	100%	
Payable zinc production (kt)	64.5	59.2	60.5	98%	
Cerro Matoso					
Payable nickel production (kt)	41.7	40.8	40.5	101%	Resumed access to higher-grade Q&P deposit
Illawarra Metallurgical Coal					
Total coal production (kt)	6,509	6,520	6,500	100%	Achieved improved longwall performance at Appin
Metallurgical coal production (kt)	5,712	5,497	5,500	100%	
Energy coal production (kt)	797	1,023	1,000	102%	
Australia Manganese					
Manganese ore production (kwmt)	3,363	3,545	3,500	101%	Achieved record annual production
South Africa Manganese					
Manganese ore production (kwmt)	2,069	2,108	2,000	105%	Achieved record annual production

a. The denotation (e) refers to an estimate or forecast year.

b. Reflects percentage of achieved production for FY23 compared to current FY23e.

MARKETING UPDATE

Commodity prices were broadly lower in FY23 as we saw a moderation in demand and sentiment following record conditions for many markets in the prior period.

We delivered strong sales performance in the June 2023 quarter, supporting a drawdown in inventory prior to the end of the period. We expect to record an unwind in working capital in H2 FY23, offsetting the working capital build experienced in H1 FY23 (H1 FY23: US\$152M build).

The average realised prices achieved for our commodities are summarised below. Outstanding concentrate sales were revalued at 30 June 2023 with the final price of these to be determined in the December 2023 half year.

Realised prices ²⁴	FY22	1H23	2H23	FY23	FY23 vs FY22	2H23 vs 1H23
Worsley Alumina						
Alumina (US\$/t)	409	354	360	357	(13%)	2%
Brazil Alumina (non-operated)^(a)						
Alumina (US\$/t)	403	364	374	369	(8%)	3%
Brazil Aluminium (non-operated)^(a)						
Aluminium (US\$/t)	-	2,423	2,464	2,452	N/A	2%
Hillside Aluminium						
Aluminium (US\$/t)	3,161	2,555	2,518	2,535	(20%)	(1%)
Mozal Aluminium						
Aluminium (US\$/t)	3,348	2,723	2,573	2,653	(21%)	(6%)
Sierra Gorda (non-operated)^{25(a)(b)}						
Payable copper (US\$/lb)	3.50	3.41	3.63	3.51	0%	6%
Payable molybdenum (US\$/lb)	18.48	20.78	22.11	21.28	15%	6%
Payable gold (US\$/oz)	1,934	1,688	1,971	1,821	(6%)	17%
Payable silver (US\$/oz)	23.5	17.4	27.2	21.9	(7%)	56%
Cannington²⁵						
Payable silver (US\$/oz)	21.0	20.1	22.1	21.1	0%	10%
Payable lead (US\$/t)	2,046	2,008	1,824	1,919	(6%)	(9%)
Payable zinc (US\$/t)	3,248	2,436	1,895	2,151	(34%)	(22%)
Cerro Matoso²⁶						
Payable nickel (US\$/lb)	10.08	9.05	6.54	7.76	(23%)	(28%)
Illawarra Metallurgical Coal						
Metallurgical coal (US\$/t)	381	268	289	279	(27%)	8%
Energy coal (US\$/t)	156	164	122	144	(8%)	(26%)
Australia Manganese²⁷						
Manganese ore (US\$/dmu, FOB)	5.29	4.57	4.62	4.59	(13%)	1%
South Africa Manganese²⁷						
Manganese ore (US\$/dmu, FOB)	3.92	3.57	3.59	3.58	(9%)	1%

a. While Brazil Alumina and Brazil Aluminium are non-operated, South32 owns the marketing rights for our share of production. While Sierra Gorda is also non-operated, the Joint Venture is responsible for marketing our share of production.

b. Published FY22 realised sales prices and Operating unit costs reflect the period 1 March 2022 to 30 June 2022. Whereas production and sales numbers, and all Income Statement items reflect the period from first ownership (22 February 2022).

WORSLEY ALUMINA (86% SHARE)

South32 share	FY22	FY23	YoY	4Q22	3Q23	4Q23	4Q23 vs 4Q22	4Q23 vs 3Q23
Alumina production (kt)	3,991	3,839	(4%)	1,030	905	1,012	(2%)	12%
Alumina sales (kt)	3,974	3,817	(4%)	1,118	845	1,111	(1%)	31%

Worsley Alumina saleable production decreased by 4% (or 152kt), from record levels in FY22, to 3,839kt in FY23.

Saleable production increased by 12% (or 107kt) to 1,012kt in the June 2023 quarter as improved calciner availability supported above nameplate production rates (4.6Mtpa, 100% basis), partially offset by a temporary bauxite conveyor outage. FY24 production guidance is unchanged at 4,000kt.

Sales increased by 31% in the June 2023 quarter with a carry-over shipment from the prior quarter supporting a drawdown in inventory.

BRAZIL ALUMINA (36% SHARE, NON-OPERATED)

South32 share	FY22	FY23	YoY	4Q22	3Q23	4Q23	4Q23 vs 4Q22	4Q23 vs 3Q23
Alumina production (kt)	1,297	1,262	(3%)	331	334	237	(28%)	(29%)
Alumina sales (kt)	1,299	1,237	(5%)	367	317	242	(34%)	(24%)

Brazil Alumina saleable production decreased by 3% (or 35kt) to 1,262kt in FY23. The refinery reduced output in the June 2023 quarter to manage bauxite inventories, following a temporary failure of a belt system from the port, and unplanned maintenance was completed for one of the two bauxite ship unloaders.

The refinery has returned to nameplate production rates and FY24 guidance is unchanged at 1,400kt.

FY23 Operating unit costs are expected to be ~US\$365/t, reflecting the impact of lower volumes in H2 FY23.

BRAZIL ALUMINIUM (40% SHARE, NON-OPERATED)

South32 share	FY22	FY23	YoY	4Q22	3Q23	4Q23	4Q23 vs 4Q22	4Q23 vs 3Q23
Aluminium production (kt)	0.3	68.9	N/A	0.3	21.6	23.6	N/A	9%
Aluminium sales (kt)	-	67.7	N/A	-	22.5	25.8	N/A	15%

Brazil Aluminium saleable production was 68.9kt in FY23 following the restart of all three potlines at the smelter. Production increased by 9% (or 2.0kt) to 23.6kt in the June 2023 quarter, which was below plan, as lower overhead crane availability impacted pot restart activities and metal production. As a result, fewer pots are in operation than planned, and we expect a delayed ramp-up to nameplate capacity. We have reduced guidance for our share of FY24 production to 100kt (from 148kt) and expect to provide a revised timeline for achieving nameplate capacity (179ktpa, our 40% share) with our FY23 financial results announcement.

We expect to report sequentially lower Operating unit costs in H2 FY23 (H1 FY23: US\$5,876/t) with FY23 Operating unit costs expected to be ~US\$4,350/t, ahead of the smelter's ramp-up to nameplate capacity.

HILLSIDE ALUMINIUM (100% SHARE)

South32 share	FY22	FY23	YoY	4Q22	3Q23	4Q23	4Q23 vs 4Q22	4Q23 vs 3Q23
Aluminium production (kt)	714	719	1%	179	177	180	1%	2%
Aluminium sales (kt)	713	719	1%	198	197	185	(7%)	(6%)

Hillside Aluminium saleable production increased by 1% (or 5kt) to a record 719kt in FY23 as the smelter continued to test its maximum technical capacity despite the impact of elevated load-shedding. FY24 production guidance is unchanged at 720kt²⁰.

MOZAL ALUMINIUM (63.7%²¹ SHARE)

South32 share	FY22	FY23	YoY	4Q22	3Q23	4Q23	4Q23 vs 4Q22	4Q23 vs 3Q23
Aluminium production (kt)	278	345	24%	76	81	82	8%	1%
Aluminium sales (kt)	276	334	21%	88	43	114	30%	165%

Mozal Aluminium saleable production increased by 24% (or 67kt) to 345kt in FY23, reflecting our increased ownership share²¹. The smelter continued to implement its recovery plan, delivering production of 82kt in the June 2023 quarter, exceeding revised production guidance. Nameplate production rates are expected to be achieved in the December 2023 quarter, with FY24 production guidance revised to 365kt²⁰.

Sales volumes increased by 165% (or 71kt) to 114kt in the June 2023 quarter as production returned to 100% LME-grade quality by the end of the period and we sold all below specification material produced in the prior quarter, at a modest discount to our other LME-linked aluminium sales.

SIERRA GORDA (45% SHARE)

South32 share	FY22	FY23	YoY	4Q22	3Q23	4Q23	4Q23 vs 4Q22	4Q23 vs 3Q23
Payable copper equivalent production ²² (kt)	30.6	86.2	182%	20.3	19.0	22.3	10%	17%
Payable copper production (kt)	25.3	70.7	179%	16.9	15.5	17.3	2%	12%
Payable copper sales (kt)	27.7	71.8	159%	16.6	15.4	18.0	8%	17%

Sierra Gorda payable copper equivalent production²² was 86.2kt in FY23, or 97% of FY23 guidance, with molybdenum output below plan. The operation delivered a strong finish to the year, increasing payable copper equivalent production by 17% to 22.3kt in the June 2023 quarter with improved plant availability.

The operation's plant de-bottlenecking project is on-track to support an increase in plant throughput to ~48 to 49Mtpa (100% basis), as reflected in our unchanged FY24 guidance of 87.5kt payable copper equivalent production. Feasibility study work for the fourth grinding line is ongoing, with the expansion supporting a potential further uplift in plant throughput to 57 to 58Mtpa (100% basis).

CANNINGTON (100% SHARE)

South32 share	FY22	FY23	YoY	4Q22	3Q23	4Q23	4Q23 vs 4Q22	4Q23 vs 3Q23
Payable zinc equivalent production ²³ (kt)	224.2	195.6	(13%)	48.9	41.0	55.8	14%	36%
Payable silver production (koz)	12,946	11,183	(14%)	2,668	2,341	3,368	26%	44%
Payable silver sales (koz)	12,898	10,739	(17%)	3,362	2,412	3,244	(4%)	34%
Payable lead production (kt)	120.6	101.7	(16%)	25.8	21.0	28.3	10%	35%
Payable lead sales (kt)	122.2	99.0	(19%)	31.0	21.7	26.0	(16%)	20%
Payable zinc production (kt)	64.5	59.2	(8%)	15.4	12.6	16.2	5%	29%
Payable zinc sales (kt)	66.2	58.1	(12%)	16.1	8.8	21.8	35%	148%

Cannington payable zinc equivalent production²³ was 195.6kt in FY23, in-line with revised guidance. The operation successfully recovered from severe wet weather impacts in the March 2023 quarter, increasing payable zinc equivalent production by 36% (or 14.8kt) to 55.8kt in the June 2023 quarter. FY24 guidance is unchanged at 215.3kt payable zinc equivalent production (silver 12,500koz, lead 115.0kt and zinc 62.0kt).

Payable zinc sales increased by 148% in the June 2023 quarter, as logistics recovered from widespread flooding in the March 2023 quarter, supporting a drawdown in inventory.

CERRO MATOSO (99.9% SHARE)

South32 share	FY22	FY23	YoY	4Q22	3Q23	4Q23	4Q23 vs 4Q22	4Q23 vs 3Q23
Payable nickel production (kt)	41.7	40.8	(2%)	10.8	10.2	10.2	(6%)	0%
Payable nickel sales (kt)	41.8	40.8	(2%)	11.9	10.6	10.4	(13%)	(2%)

Cerro Matoso payable nickel production was 40.8kt in FY23, in-line with revised guidance, as truck haulage from the higher-grade Q&P pit resumed in the June 2023 quarter.

Looking forward, we expect nickel production guidance in FY24 to be largely unchanged at 40.5kt, with the benefits of the Ore Sorting and Mechanical Ore Concentration project partially offset by additional plant maintenance.

Sales decreased by 2% in the June 2023 quarter. Price realisations for our ferronickel product remain dislocated from the LME Nickel Index due to market dynamics, as reflected in our realised price for nickel sales of US\$7.76/lb in FY23.

ILLAWARRA METALLURGICAL COAL (100% SHARE)

South32 share	FY22	FY23	YoY	4Q22	3Q23	4Q23	4Q23 vs 4Q22	4Q23 vs 3Q23
Total coal production (kt)	6,509	6,520	0%	1,583	1,436	1,753	11%	22%
Total coal sales (kt) ²⁸	6,606	6,359	(4%)	1,886	1,477	1,697	(10%)	15%
Metallurgical coal production (kt)	5,712	5,497	(4%)	1,380	1,240	1,504	9%	21%
Metallurgical coal sales (kt)	5,823	5,402	(7%)	1,588	1,195	1,529	(4%)	28%
Energy coal production (kt)	797	1,023	28%	203	196	249	23%	27%
Energy coal sales (kt)	783	957	22%	298	282	168	(44%)	(40%)

Illawarra Metallurgical Coal saleable production was 6.5Mt in FY23, in-line with revised guidance. Saleable production increased by 22% (or 317kt) to 1.75Mt in the June 2023 quarter, as the operation delivered improved longwall performance at Appin, and completed a planned longwall move at Dendrobium.

FY24 production guidance is currently unchanged at 5.3Mt, with two longwall moves planned at both Appin and Dendrobium during the year. Commencement of the next longwall at Dendrobium, scheduled in Q1 FY24, remains subject to regulatory approvals. If the necessary approvals are delayed, this would impact production volumes from Dendrobium in FY24. We will provide an update with our FY23 financial results announcement.

Metallurgical coal sales increased by 28% in the June 2023 quarter, as we optimised our sales mix and achieved improved product availability.

AUSTRALIA MANGANESE (60% SHARE)

South32 share	FY22	FY23	YoY	4Q22	3Q23	4Q23	4Q23 vs 4Q22	4Q23 vs 3Q23
Manganese ore production (kwmt)	3,363	3,545	5%	844	832	869	3%	4%
Manganese ore sales (kwmt)	3,372	3,261	(3%)	860	743	866	1%	17%

Australia Manganese saleable production increased by 5% (or 182kwmt) to a record of 3,545kwmt in FY23, as improved yields supported higher primary concentrator output. Separately, our low-cost PC02 circuit continued to operate above its design capacity, delivering ~11% of production (FY22: 11%).

Sales increased by 17% in the June 2023 quarter as we benefitted from improved road haulage capacity and implemented alternative shipping solutions. This is expected to support a further drawdown in inventory in the September 2023 quarter.

The operation's strong performance is expected to result in FY23 Operating unit costs being ~5% below FY23 guidance of US\$1.97/dmtu. Looking forward, FY24 Operating unit costs are expected to be in a range of ~US\$2.20/dmtu to ~US\$2.25/dmtu, reflecting a higher planned strip ratio and increased haul lengths.

SOUTH AFRICA MANGANESE (ORE 54.6% SHARE)

South32 share	FY22	FY23	YoY	4Q22	3Q23	4Q23	4Q23 vs 4Q22	4Q23 vs 3Q23
Manganese ore production (kwmt)	2,069	2,108	2%	625	429	586	(6%)	37%
Manganese ore sales (kwmt)	2,170	2,065	(5%)	581	492	541	(7%)	10%

South Africa Manganese saleable production increased by 2% (or 39kwmt) to a record of 2,108kwmt in FY23, exceeding guidance by 5%. The operation delivered a strong finish to the year, increasing saleable production by 37% (or 157kwmt) to 586kwmt in the June 2023 quarter, including higher volumes of premium material from the Mamatwan mine.

Sales increased by 10% in the June 2023 quarter with improved third-party truck and rail availability, partially offset by loading delays at port due to wet weather.

NOTES

1. Group payable copper equivalent production in Q4 FY23, compared to Q3 FY23, calculated by applying FY22 realised prices for all operations (except for Brazil Aluminium which is based on FY22 average index prices for aluminium).
2. Refers to aluminium produced using renewable power.
3. Copper equivalent production at our base metals operations (Sierra Gorda, Cannington and Cerro Matoso) in FY23, compared to FY22, calculated by applying FY22 realised prices.
4. Refer to market release "South32 completes acquisition of 45% interest in Sierra Gorda copper mine" dated 22 February 2022.
5. Mineral Resource Estimate: The information in this announcement that relates to Mineral Resource estimate for Taylor deposit is extracted from the announcement entitled (Hermosa Project – Mineral Resource Estimate Update and Exploration Results) published on 24 July 2023 and is available to view on www.south32.net. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.
6. Peake Prospect Exploration Target: The information in this announcement that relates to Exploration Results for Peake prospect is extracted from the announcement entitled (Hermosa Project – Mineral Resource Estimate Update and Exploration Results) published on 24 July 2023 and is available to view on www.south32.net. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.
7. Refer to market release "Hermosa Project Non-Cash Impairment" dated 24 July 2023.
8. Target is defined as an intended outcome in relation to which we have identified one or more pathways for delivery of that outcome, subject to certain assumptions or conditions. Our medium-term target is to halve our operational greenhouse gas (GHG) emissions by 2035 compared to our FY21 baseline. FY21 baseline adjusted to exclude GHG emissions from South Africa Energy Coal and TEMCO, which were divested in FY21.
9. Net distributions from our material equity accounted investments (EAI) (manganese and Sierra Gorda) includes dividends and net repayments/drawdowns of shareholder loans, which are unaudited and should not be considered as an indication of or alternative to an IFRS measure of profitability, financial performance or liquidity.
10. Refer to market release "South32 unlocks up to US\$200M in value from non-core royalty sale" dated 12 July 2022. The sales price included US\$103M in cash payments, US\$82M of Ecora Resources PLC (formerly known as Anglo Pacific Group PLC) shares issued on completion and contingent payments of up to US\$15M. The cash payment comprises US\$48M paid on completion, and US\$55M payable in six equal quarterly instalments over the 18 months from completion (US\$28M will be received across FY24). The contingent payment is triggered if the West Musgrave project achieves commercial production, and throughput and commodity price-related conditions are met prior to an agreed expiry date.
11. Comprised of US\$784M in respect of the June 2022 half year returned in the December 2022 quarter and US\$223M in respect of the December 2022 half year returned in the June 2023 quarter.
12. Since inception, US\$1.7B has been allocated to the on-market share buy-back (778M shares at an average price of A\$3.04 per share) and US\$525M returned in the form of special dividends.
13. Tax payments of US\$115M have been made to the Dutch tax authorities and Australian Taxation Office in FY23.
14. The corporate tax rates of the geographies where the Group operates include: Australia 30%, South Africa 27%, Colombia 35%, Mozambique 0%, Brazil 34% and Chile 27%. The South African corporate tax rate reduced from 28% to 27% from 1 July 2022. The Mozambique operations are subject to a royalty on revenues instead of income tax. Sierra Gorda is subject to a royalty related tax based on the amount of copper sold and the mining operating margin, the rate is between 5% and 14% for annual sales over 50kt of refined copper. This royalty is included in tax expense.
15. From 1 January 2023 the Colombian dividend withholding tax has increased from 10% to 20% and income tax deductions are no longer available for royalty payments. Cerro Matoso is subject to a royalty related tax equal to 13.5% of mine gate value which is included in operating cost.
16. The transaction is expected to be completed in the March 2024 quarter.
17. South32 paid US\$8M on completion of the transaction. Aldebaran Resources Inc.'s key asset is an option to acquire a controlling interest in the Altar copper project in San Juan, Argentina.
18. Refer to market release "Hermosa Project Update" dated 9 May 2023.
19. Percentage copper equivalent (% CuEq) accounts for combined value of Cu, Zn, Pb and Ag. Metals are converted to % CuEq via unit value calculations using long-term consensus metal price assumptions and relative metallurgical recovery assumptions. Total metallurgical recoveries differ between geological domains and vary from 85% to 92% for Zn, 89% to 92% for Pb, 76% to 83% for Ag and 80% for Cu. Average payable metallurgical recovery assumptions are Zn 90%, Pb 91%, Ag 81% and 80% for Cu. Metals pricing assumptions are South32's long-term consensus prices as at the April 2023 quarter. The formula used for calculation of copper equivalent is $CuEq (\%) = Cu (\%) + 0.3965 * Zn (\%) + 0.2331 * Pb (\%) + 0.0068 * Ag (g/t)$.
20. Production guidance for Hillside Aluminium and Mozal Aluminium does not assume any load-shedding impact on production.
21. Refer to market release "South32 completes acquisition of additional shareholding in Mozal Aluminium" dated 31 May 2022. Historical production and sales figures have not been restated for our increased ownership (presented on a 47.1% basis to 31 May 2022).
22. Payable copper equivalent production (kt) was calculated by aggregating revenues from payable copper, molybdenum, gold and silver, and dividing the total Revenue by the price of copper. FY22 realised prices for copper (US\$3.50/lb), molybdenum (US\$18.48/lb), gold (US\$1,934/oz) and silver (US\$23.5/oz) have been used for FY22, FY23, FY23e and FY24e.
23. Payable zinc equivalent production (kt) was calculated by aggregating revenues from payable silver, lead and zinc, and dividing the total Revenue by the price of zinc. FY22 realised prices for zinc (US\$3,248/t), lead (US\$2,046/t) and silver (US\$21.0/oz) have been used for FY22, FY23, FY23e and FY24e.
24. Realised prices are unaudited. Volumes and prices do not include any third party trading that may be undertaken independently of equity production. Realised sales price is calculated as sales Revenue divided by sales volume unless otherwise stated.
25. Realised prices for Sierra Gorda and Cannington are net of treatment and refining charges.
26. Realised nickel sales prices are inclusive of by-products.
27. Realised ore prices are calculated as external sales Revenue less freight and marketing costs, divided by external sales volume.
28. Illawarra Metallurgical Coal sales are adjusted for moisture and will not reconcile directly to Illawarra Metallurgical Coal production.

The following abbreviations have been used throughout this report: US\$ million (US\$M); US\$ billion (US\$B); grams per tonne (g/t); tonnes (t); thousand tonnes (kt); thousand tonnes per annum (ktpa); million tonnes (Mt); million tonnes per annum (Mtpa); ounces (oz); thousand ounces (koz); million ounces (Moz); thousand wet metric tonnes (kwmt); million wet metric tonnes (Mwmt); million wet metric tonnes per annum (Mwmt pa); dry metric tonne unit (dmtu); thousand dry metric tonnes (kdmt).

Figures in *italics* indicate that an adjustment has been made since the figures were previously reported. The denotation (e) refers to an estimate or forecast year.

OPERATING PERFORMANCE

South32 share	FY22	FY23	4Q22	1Q23	2Q23	3Q23	4Q23
Worsley Alumina (86% share)							
Alumina hydrate production (kt)	3,980	3,833	1,014	957	998	921	957
Alumina production (kt)	3,991	3,839	1,030	920	1,002	905	1,012
Alumina sales (kt)	3,974	3,817	1,118	885	976	845	1,111
Brazil Alumina (36% share)							
Alumina production (kt)	1,297	1,262	331	337	354	334	237
Alumina sales (kt)	1,299	1,237	367	313	365	317	242
Brazil Aluminium (40% share)							
Aluminium production (kt)	0.3	68.9	0.3	8.3	15.4	21.6	23.6
Aluminium sales (kt)	-	67.7	-	3.3	16.1	22.5	25.8
Hillside Aluminium (100% share)							
Aluminium production (kt)	714	719	179	179	183	177	180
Aluminium sales (kt)	713	719	198	162	175	197	185
Mozal Aluminium (63.7%²¹ share)							
Aluminium production (kt)	278	345	76	92	90	81	82
Aluminium sales (kt)	276	334	88	87	90	43	114
Sierra Gorda (45% share)							
Ore mined (Mt)	13.7	26.0	9.0	8.8	6.6	5.1	5.5
Ore processed (Mt)	7.5	21.2	5.2	5.4	5.3	5.1	5.4
Copper ore grade processed (% Cu)	0.42	0.42	0.40	0.45	0.44	0.40	0.40
Payable copper equivalent production ²² (kt)	30.6	86.2	20.3	22.6	22.3	19.0	22.3
Payable copper production (kt)	25.3	70.7	16.9	19.0	18.9	15.5	17.3
Payable copper sales (kt)	27.7	71.8	16.6	19.2	19.2	15.4	18.0
Payable molybdenum production (kt)	0.4	1.2	0.2	0.2	0.2	0.3	0.5
Payable molybdenum sales (kt)	0.6	1.3	0.5	0.3	0.5	0.2	0.3
Payable gold production (koz)	9.6	28.8	7.3	7.8	7.5	6.2	7.3
Payable gold sales (koz)	9.9	29.1	6.9	7.7	7.7	6.4	7.3
Payable silver production (koz)	253	630	168	180	158	138	154
Payable silver sales (koz)	282	639	171	179	166	137	157

South32 share	FY22	FY23	4Q22	1Q23	2Q23	3Q23	4Q23
Cannington (100% share)							
Ore mined (kwmt)	2,753	2,223	641	639	484	469	631
Ore processed (kdmt)	2,618	2,156	552	518	624	452	562
Silver ore grade processed (g/t, Ag)	180	187	177	179	171	191	210
Lead ore grade processed (% , Pb)	5.4	5.6	5.5	5.6	5.4	5.5	5.8
Zinc ore grade processed (% , Zn)	3.5	3.8	3.8	3.7	3.6	3.8	4.0
Payable zinc equivalent production ²³ (kt)	224.2	195.6	48.9	46.1	52.7	41.0	55.8
Payable silver production (koz)	12,946	11,183	2,668	2,568	2,906	2,341	3,368
Payable silver sales (koz)	12,898	10,739	3,362	1,704	3,379	2,412	3,244
Payable lead production (kt)	120.6	101.7	25.8	24.6	27.8	21.0	28.3
Payable lead sales (kt)	122.2	99.0	31.0	18.7	32.6	21.7	26.0
Payable zinc production (kt)	64.5	59.2	15.4	14.0	16.4	12.6	16.2
Payable zinc sales (kt)	66.2	58.1	16.1	14.9	12.6	8.8	21.8
Cerro Matoso (99.9% share)							
Ore mined (kwmt)	4,867	5,560	1,141	1,332	1,420	1,189	1,619
Ore processed (kdmt)	2,703	2,807	678	666	726	713	702
Ore grade processed (% , Ni)	1.73	1.62	1.71	1.63	1.65	1.58	1.62
Payable nickel production (kt)	41.7	40.8	10.8	9.6	10.8	10.2	10.2
Payable nickel sales (kt)	41.8	40.8	11.9	9.0	10.8	10.6	10.4
Illawarra Metallurgical Coal (100%)							
Total coal production (kt)	6,509	6,520	1,583	1,595	1,736	1,436	1,753
Total coal sales ²⁸ (kt)	6,606	6,359	1,886	1,390	1,795	1,477	1,697
Metallurgical coal production (kt)	5,712	5,497	1,380	1,270	1,483	1,240	1,504
Metallurgical coal sales (kt)	5,823	5,402	1,588	1,193	1,485	1,195	1,529
Energy coal production (kt)	797	1,023	203	325	253	196	249
Energy coal sales (kt)	783	957	298	197	310	282	168
Australia Manganese (60% share)							
Manganese ore production (kwmt)	3,363	3,545	844	898	946	832	869
Manganese ore sales (kwmt)	3,372	3,261	860	779	873	743	866
Ore grade sold (% , Mn)	44.2	43.9	44.2	44.3	44.1	44.0	43.1
South Africa Manganese (54.6% share)							
Manganese ore production (kwmt)	2,069	2,108	625	562	531	429	586
Manganese ore sales (kwmt)	2,170	2,065	581	473	559	492	541
Ore grade sold (% , Mn)	39.7	39.2	39.4	38.5	39.8	38.8	39.4

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.

FURTHER INFORMATION

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