16 FEBRUARY 2023

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

2023 HALF YEAR FINANCIAL RESULTS PRESENTATION

South32 Limited (ASX, LSE, JSE: S32; ADR: SOUHY) (South32) will hold a conference call at 8.30am Australian Western Standard Time to discuss the attached 2023 half year financial results presentation materials, the details of which are as follows:

Conference ID:
Please pre-register for this call at link.

A presentation is attached. Following the conference call a recording will be available on the South32 website (https://www.south32.net/investors-media/investor-centre/financial-operational-results).

Separately a video presentation by South32 Chief Executive Officer, Graham Kerr, will be made available on the South32 website (https://www.south32.net/investors-media/investor-centre/financial-operational-results).

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.

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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
16 February 2023

2023 HALF YEAR FINANCIAL RESULTS

16 February 2023

IMPORTANT NOTICES

This presentation should be read in conjunction with the “Financial Results and Outlook – half year ended 31 December 2022” announcement released on 16 February 2023, which is available on South32’s website (www.south32.net).

Figures in italics indicate that an adjustment has been made since the figures were previously reported.

FORWARD-LOOKING STATEMENTS

This presentation 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 presentation, however they are not guarantees or predictions of future performance or statements of fact. 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 presentation. Readers are cautioned not to put undue reliance on forward-looking statements. South32 makes no representation, assurance or guarantee as to the accuracy or likelihood or fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statement. 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. The denotation “e” refers to an estimate or forecast year.

NON-IFRS FINANCIAL INFORMATION

This presentation includes certain non-IFRS financial measures, including Underlying earnings, Underlying EBIT and Underlying EBITDA, Underlying revenue, Underlying net finance costs, Underlying depreciation and amortisation, Underlying operating costs, Underlying income tax expense, Underlying royalty related tax expense, Basic Underlying earnings per share, Underlying effective tax rate, Underlying EBIT margin, Underlying EBITDA margin, Underlying return on capital, Free cash flow, net debt, net operating assets and ROIC. These measures are used internally by management to assess the performance of our business, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to audit or review and should not be considered as an indication of or alternative to an IFRS measure of profitability, financial performance or liquidity.

NO OFFER OF SECURITIES

Nothing in this presentation should be read or understood as an offer or recommendation to buy or sell South32 securities, or be treated or relied upon as a recommendation or advice by South32.

RELIANCE ON THIRD PARTY INFORMATION

Any information contained in this presentation that has been derived from publicly available sources (or views based on such information) has not been independently verified. The South32 Group does not make any representation or warranty about the accuracy, completeness or reliability of the information. This presentation should not be relied upon as a recommendation or forecast by South32.

NO FINANCIAL OR INVESTMENT ADVICE – SOUTH AFRICA

South32 does not provide any financial or investment 'advice' as that term is defined in the South African Financial Advisory and Intermediary Services Act, 37 of 2002, and we strongly recommend that you seek professional advice.

MINERAL RESOURCES AND ORE RESERVES

Information in this presentation that relates to Ore/Coal Reserve or Mineral/Coal Resource estimates for all operations and projects was declared as part of South32’s annual Resource and Reserve declaration in the FY22 Annual Report (www.south32.net) issued on 9 September 2022 and prepared by Competent Persons in accordance with the requirements of the JORC Code. South32 confirms that it is not aware of any new information or data that materially affects the information included in the original announcements. All material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. South32 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.

Resource life is estimated using Mineral Resources (extracted from South32’s FY22 Annual Report published on 9 September 2022 and available to view on www.south32.net) and Exploration Target (details of which are available in the "Hermosa Project Update" announcement published on 17 January 2022), converted to a run-of-mine basis using conversion factors, divided by the nominated run-of-mine production rate on a 100% basis. Whilst South32 believes it has a reasonable basis to reference this resource life and incorporate it within its Production Targets, it should be noted that resource life calculations are indicative only and do not necessarily reflect future uncertainties such as economic conditions, technical or permitting issues. Resource life is based on our current expectations of future results and should not be solely relied upon by investors when making investment decisions. The cautionary statement included in the next paragraph relates to the proportion of Inferred Resources and Exploration Target when calculating Resource life and should be read in conjunction with this paragraph.

Taylor Production Targets cautionary statement: The information in this presentation that refers to Production Target and forecast financial information is based on Measured (20%), Indicated (62%), Inferred (14%) Mineral Resources and Exploration Target (4%) for the Taylor Deposit. The Mineral Resources underpinning the Production Target have been prepared by a Competent Person in accordance with the JORC Code. All material assumptions on which the Production Target and forecast financial information is based is provided in the "Hermosa Project Update" announcement released on 17 January 2022. There is low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target will be realised. The potential quantity and grade of the Exploration Target is conceptual in nature. In respect of Exploration Target used in the Production Target, there has been insufficient exploration to determine a Mineral Resource and there is no certainty that further exploration work will result in the determination of Mineral Resources or that the Production Target itself will be realised. 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. South32 confirms that inclusion of 18% of tonnage (14% Inferred Mineral Resources and 4% Exploration target) is not the determining factor of the project viability and the project forecasts a positive financial performance when using 82% tonnage (20% Measured and 62% Indicated Mineral Resources). South32 is satisfied, therefore, that the use of Inferred Mineral Resources and Exploration Target in the Production Target and forecast financial information reporting is reasonable.

Peake Exploration Target: The information is this presentation that relates to Exploration Target for Peake is extracted from “Hermosa Project Update” released on 17 January 2022 and is available to view on www.south32.net. The information was prepared by a Competent Person in accordance with the requirements of the JORC Code. South32 confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. South32 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.

Flux Exploration Target: The information is this presentation that relates to Exploration Target for Flux is extracted from “South32 Strategy and Business Update” released on 18 May 2021 and is available to view on www.south32.net. The information was prepared by a Competent Person in accordance with the requirements of the JORC Code. South32 confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. South32 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.

IMPORTANT NOTICES

EARNINGS RECONCILIATION

The Group's statutory profit after tax decreased by US$347M to US$685M in H1 FY23, while Underlying earnings decreased by US$444M to US$560M reflecting the impact of one-off adjustments in statutory earnings. Consistent with our accounting policies, various items are excluded from the Group's statutory profit to derive Underlying earnings. Total adjustments to derive Underlying EBIT (US$51M), shown in the table below, include:

- Significant items (-US$138M): gain on disposal on the sale of four non-core base metal royalties to Ecora Resources PLC (formerly known as Anglo Pacific Group PLC) (-US$189M pre-tax) partially offset by a non-cash asset write-off following our decision not to proceed with the Dendrobium Next Domain (DND) project at Illawarra Metallurgical Coal[1] (US$51M pre-tax);
- Sierra Gorda joint venture adjustments (-US$57M): adjustments to reconcile the statutory equity accounting position to a proportional consolidation basis;
- Manganese joint venture adjustments (US$101M): adjustments to reconcile the statutory equity accounting position to a proportional consolidation basis; and
- Net impairment loss of financial assets (US$214M): periodic revaluation of the shareholder loan receivable from Sierra Gorda reflecting updated copper price and other macroeconomic assumptions as at Q2 FY23. An offsetting amount is recorded in the Sierra Gorda joint venture adjustments noted above.

Profit to Underlying EBITDA reconciliation	**H1 FY23 US$M**	**H1 FY22 US$M**
Profit before tax and net finance income/(costs)	871	1,502
Adjustments to derive Underlying EBIT:		
Significant items	(138)	(77)
Sierra Gorda joint venture adjustments	(57)	-
Manganese joint venture adjustments	101	79
Exchange rate (gains)/losses on the restatement of monetary items	(48)	(32)
Net impairment loss/(reversal) of financial assets	214	-
Net impairment loss/(reversal) of non-financial assets	(4)	37
(Gains)/losses on non-trading derivative instruments, contingent consideration and other investments measured at fair value through profit and loss	(17)	5
Total adjustments to derive Underlying EBIT	**51**	**12**
Underlying EBIT	**922**	**1,514**
Underlying depreciation and amortisation	442	357
Underlying EBITDA	**1,364**	**1,871**

Profit to Underlying earnings reconciliation	**H1 FY23 US$M**	**H1 FY22 US$M**
Profit after tax	685	1,032
Total adjustments to derive Underlying EBIT	51	12
Total adjustments to derive Underlying net finance costs	(102)	(22)
Total adjustments to derive Underlying income and royalty related tax expense	(74)	(18)
Underlying earnings	**560**	**1,004**

OUR STRATEGY

OPTIMISE

our business by working safely, minimising our impact, consistently delivering stable and predictable performance and continually improving our competitiveness.

UNLOCK

the full value of our business through our people, innovation, projects and technology.

IDENTIFY

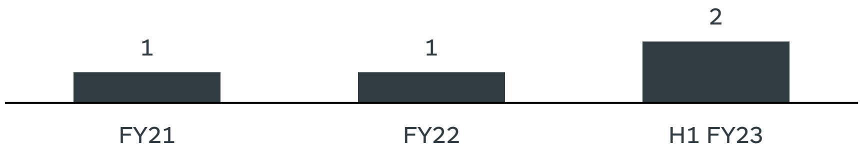
and pursue opportunities to sustainably reshape our business for the future, and create enduring social, environmental and economic value.

Our simple strategy is underpinned by a disciplined approach to capital management

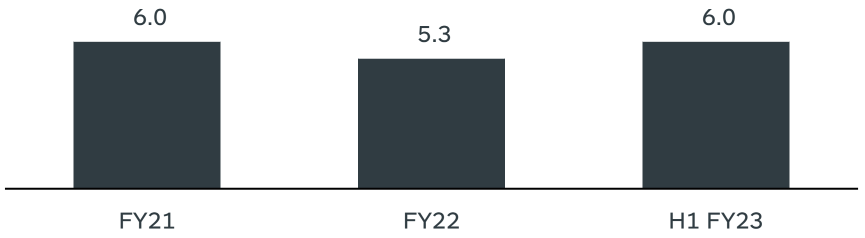
WORKING SAFELY

The most important commitment we make at South32 is that everyone goes home safe and well

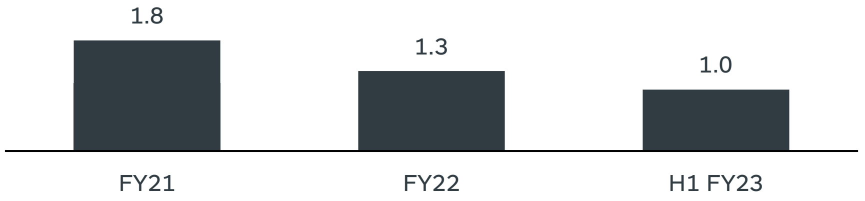
Fatalities[2,(a)]



TRIF[3,(b)]



TRILF[3,(b)]



- In November 2022, we were devastated by the loss of two of our colleagues, Mr Cristovão Alberto Tonela and Mr Alfredo Francisco Domingos João, who were fatally injured in an incident while undertaking maintenance work on a raising girder at Mozal Aluminium
- An investigation into the incident has been completed and key learnings are being shared across our organisation and with industry participants
- We continue to implement our multi-year Safety Improvement Program, designed to fundamentally shift our safety performance and deliver the culture transformation required for sustained improvement
- We remain focused on continuing to embed safe and sustainable business practices, shift mindsets through leadership, and empower our people

Notes:

a. Incidents are included where South32 controls the work location or controls the work activity. Since FY20 we have disclosed fatalities that occur as part of activities associated with our operations, where we seek to influence safety performance, but which occur in locations where we do not have operational control. In FY21 an employee from a company contracted by Cerro Matoso lost their life while carrying out road paving activities on the public road between the municipality of Planeta Rica and our Q&P Project. In H1 FY23 an employee from a company contracted by our South Africa Manganese operation lost their life in an offsite road trucking accident.

b. FY21 TRIF and TRILF data was adjusted to account for the removal of South Africa Energy Coal and Tasmanian Electro Metallurgical Company from the portfolio.

OUR PORTFOLIO

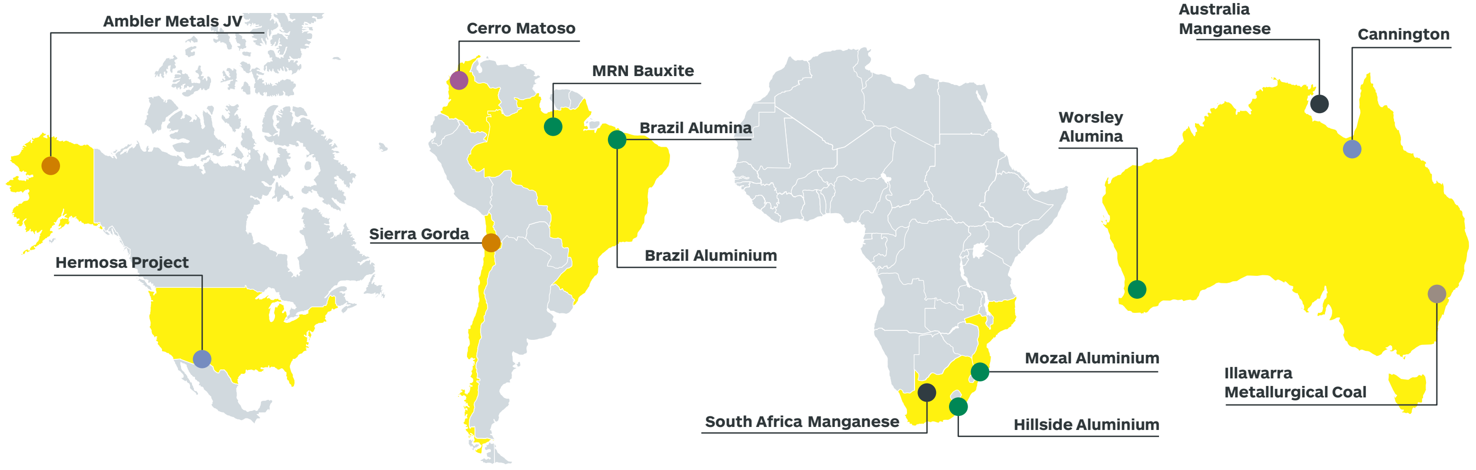
SOUTH32

We have an attractive commodity mix and a growth pipeline in metals critical to a low-carbon future

Portfolio improvements have increased our volumes of metals critical to a low-carbon future

Our next phase of growth is expected to come from our development options in the Americas

We are investing to discover our next generation of mines with over 25 exploration prospects



- Aluminium value chain
- Copper
- Nickel
- Zinc-lead-silver
- Manganese ore
- Metallurgical coal

Project pipeline

Brownfield options in study phase

- Worsley Alumina decarbonisation and life extension
- MRN bauxite mine life extension
- Hillside energy transition
- Sierra Gorda fourth line expansion
- Sierra Gorda brownfield oxide project
- Australia Manganese Eastern & Southern Areas
- South Africa Manganese expansion & logistics

Advancing greenfield exploration partnerships and prospects in:

United States, Canada, Argentina, Peru, Australia, Ireland

Greenfield growth options in study phase

- Hermosa Taylor zinc-lead-silver
- Hermosa Clark battery-grade manganese-zinc-silver
- Ambler Metals Arctic deposit

H1 FY23 FINANCIAL SCORECARD

SOUTH32

Our financial performance remains strong, underpinned by our stable operating performance, portfolio improvements and continued capital discipline

Profit after tax

US$685M

Underlying earnings

US$560M

Underlying EBITDA

US$1,364M

Group operating margin[4]

31.5%

Free cash flow[5]

US$127M

Returned to shareholders during H1 FY23[(a)]

US$927M

Fully-franked ordinary dividend in respect of H1 FY23

US 4.9c per share (US$224M)

Capital management program ↑US$50M with

US$158M remaining

Net debt at 31 December 2022

US$298M

Notes:

a. Includes US$784M in fully-franked ordinary and special dividends paid in respect of H2 FY22 and a further US$143M returned via our on-market share buy-back.

PERFORMANCE SUMMARY AND OUTLOOK

We are in a strong position to continue our returns to shareholders and unlock value in our growth pipeline in metals critical for a low-carbon future

FY23 production guidance unchanged

On track for 6% production growth in H2 FY23[a]

FY23 operating unit cost guidance reduced or held in line at the majority of our operations[b]

FY23 Group capital expenditure guidance reduced by $105M

Along with strengthening commodity prices, the outlook is for margins to expand in H2 FY23

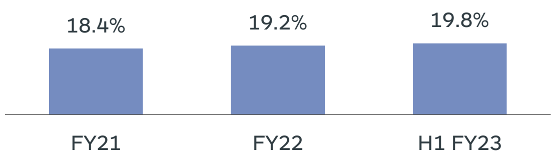
We continue to invest to unlock value at our operations and high-quality growth options

Notes:
a. Group copper equivalent production growth compared to H1 FY23.
b. For the operations which we provide operating unit cost guidance.

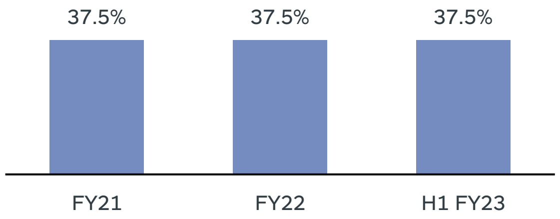
OUR INCLUSION AND DIVERSITY PROGRESS

We are targeting ≥40% by FY29[(a)] for all gender representation metrics by implementing our inclusion and diversity action plan

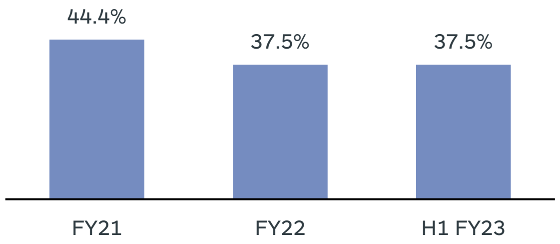
Total employees who are women[6]



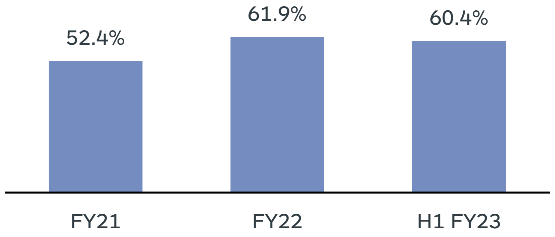
Women on our Board



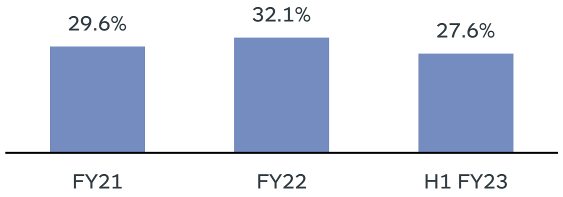
Women on our Lead Team



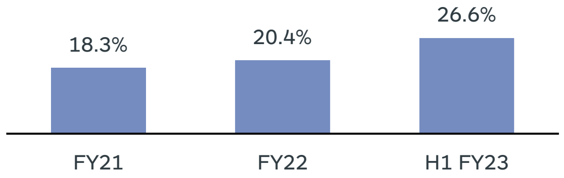
Black People[7] in our South African management team



Women in Senior leadership[8]



Women in Operational leadership[9,(b)]



Notes:

a. With Women in our Lead Team, Senior Leadership Team and Operational Leadership Teams > 40% by FY27.

b. Commencing FY23 the definition of Operational Lead Team was expanded to include functional leaders based at operations.

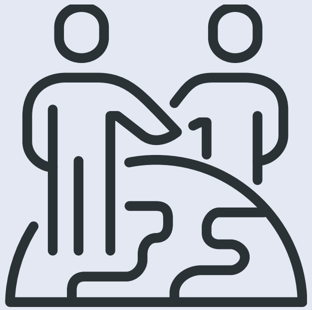
ADDRESSING CLIMATE CHANGE

We are delivering milestones to support our target to reduce operational GHG emissions by 50% by 2035[a] ahead of our goal of achieving net zero GHG emissions across all scopes by 2050[b],[10]

Reshaping our portfolio

Decarbonising our operations

Partnering with others



H1 FY23 highlights

- Our Climate Change Action Plan received strong shareholder support at our 2022 AGM[c]
- Expanded our goal of achieving net zero GHG emissions by 2050 to include Scope 3
- Further invested in our growth options to underpin future supply of metals critical to a low-carbon future
- Advanced our decarbonisation programs at Worsley Alumina, with conversion of the refinery's first boiler from coal to natural gas expected to be completed in mid CY23 as a transition step
- 100% renewable electricity supply secured at Sierra Gorda, starting January 2023

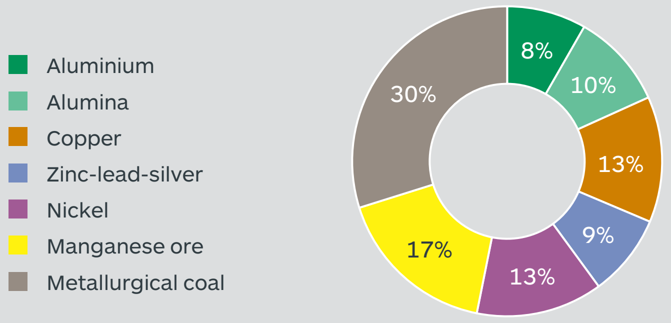
Notes:
a. Target to reduce Scope 1 and 2 GHG emissions by 2035 compared to our FY21 baseline.
b. Goal of net zero Scope 1, 2 and 3 GHG emissions by 2050.
c. A non-binding advisory resolution in relation to our Climate Change Action Plan was passed by shareholders at our Annual General Meeting, with 89.6% of the votes received in favour of the resolution.

FINANCIAL RESULTS

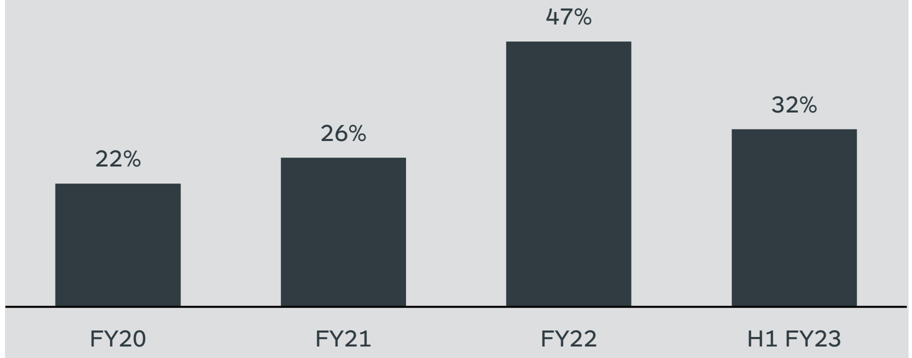
H1 FY23 PERFORMANCE ANALYSIS

Group operating margins remained above historical levels as we delivered another strong production result and benefitted from our recent portfolio improvements

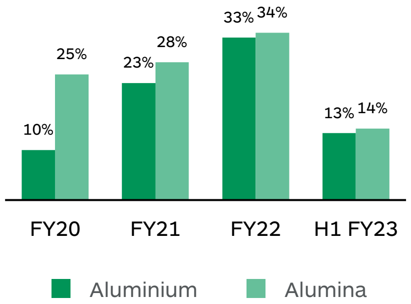
H1 FY23 Underlying EBITDA contribution by commodity[(a)(b)(c)]



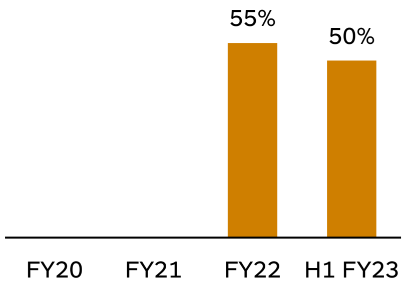
Group operating margin[4,(d)]



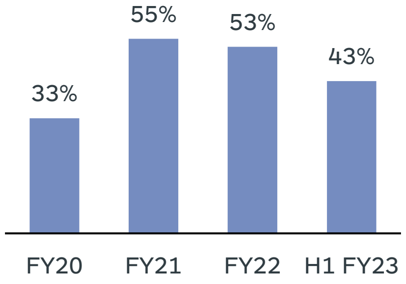
Aluminium & alumina operating margin[(e)]



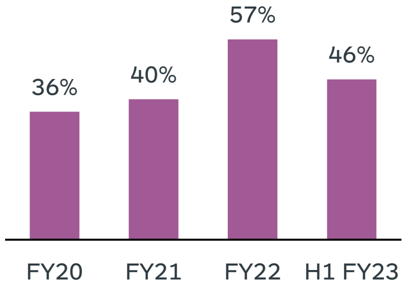
Copper operating margin[(c)]



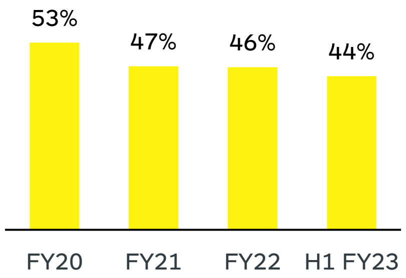
Zinc-lead-silver operating margin



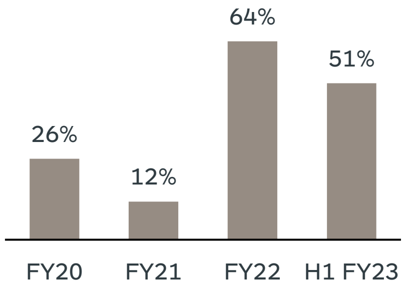
Nickel operating margin



Manganese ore operating margin[11]



Metallurgical coal operating margin[(b)]

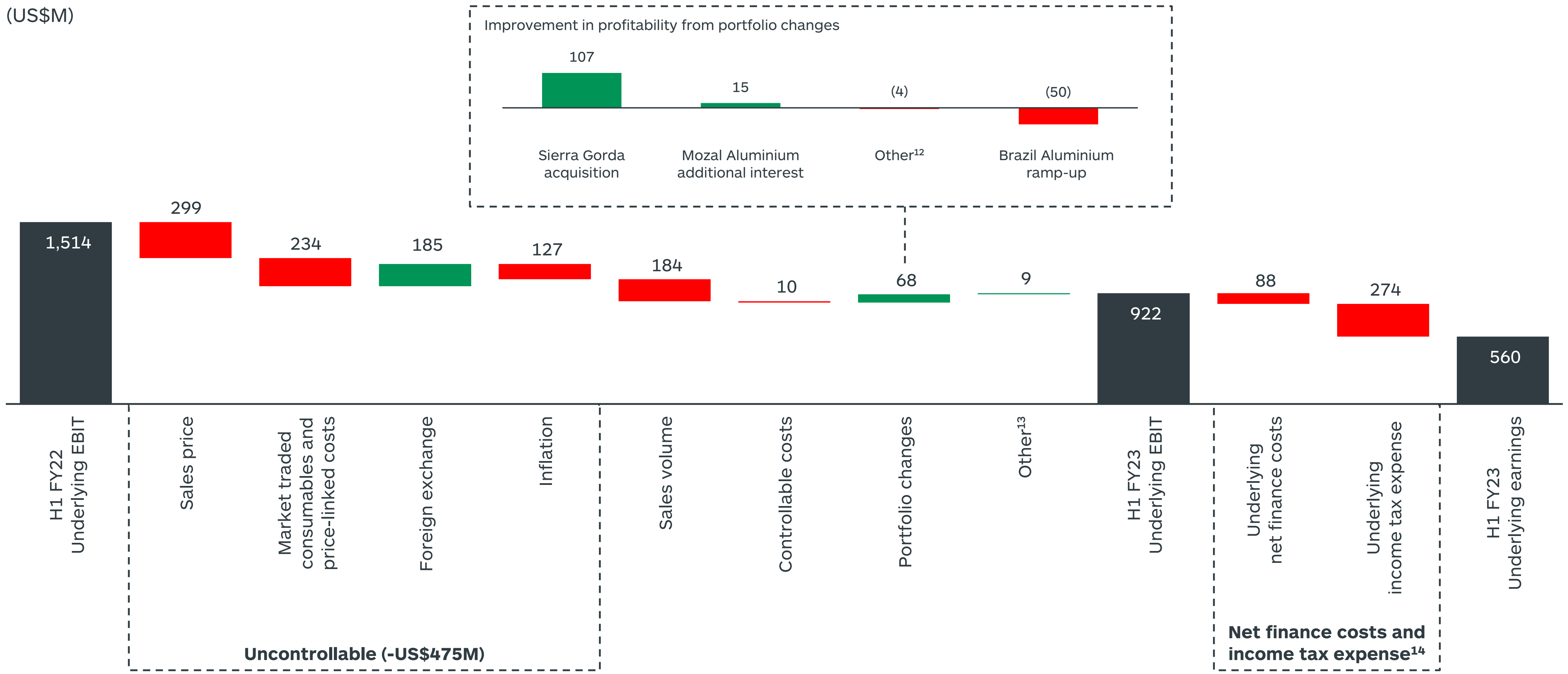


Notes:

a. Presented on a proportional consolidation basis and excludes manganese alloys, Hermosa, and Group and unallocated costs.
b. Metallurgical coal comprises Illawarra Metallurgical Coal, including energy coal by-product volumes.
c. Copper comprises Sierra Gorda, including molybdenum, gold and silver by-product volumes.
d. Group operating margin reflects our material EAIs on a proportional consolidation basis and an ownership interest of 54.6% for South Africa Manganese ore.
e. Excludes Brazil Aluminium operating margin ahead of the smelter's ramp-up to nameplate capacity.

EARNINGS ANALYSIS

Our margin accretive portfolio of investments added to our strong EBIT result, partially offsetting lower commodity prices and uncontrollable cost inflation



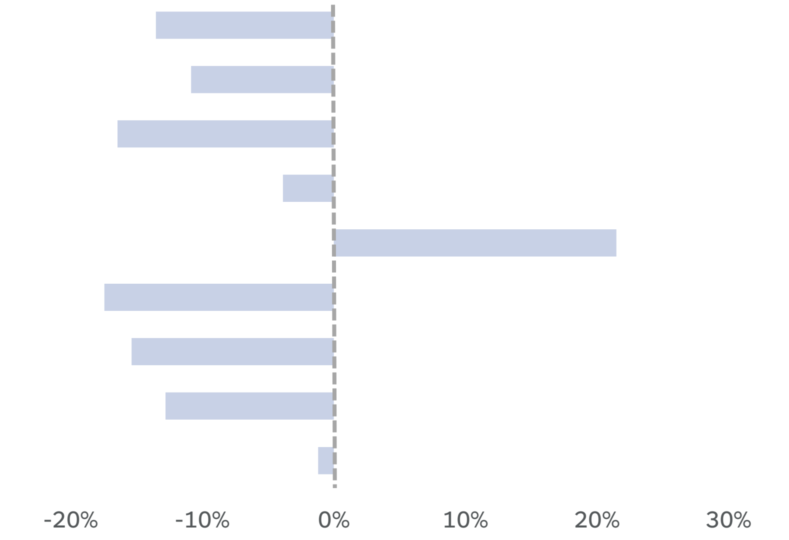
COMMODITY PRICE AND FOREIGN EXCHANGE ANALYSIS

China's re-opening and global supply disruptions have underpinned a commodity price rebound to start H2 FY23

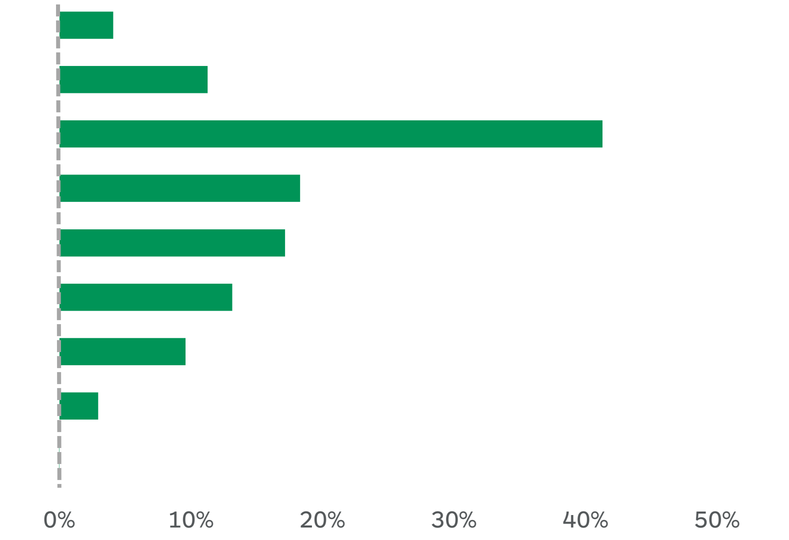
Commodity	EBIT sensitivity[(a)] +/- 10% US$M
Aluminium[(b)]	303
Alumina	185
Metallurgical coal[(c)]	168
Manganese ore	91
Nickel	73
Copper	70
Silver	25
Lead	21
Zinc	15
Australian dollar	203
South African rand	116
Brazilian real	33
Colombian peso	28
Chilean peso	14

South32 commodity basket reference prices[15]

H1 FY23 vs. H1 FY22 average prices



Spot (10 February 2023) vs. H1 FY23 average prices



Notes:

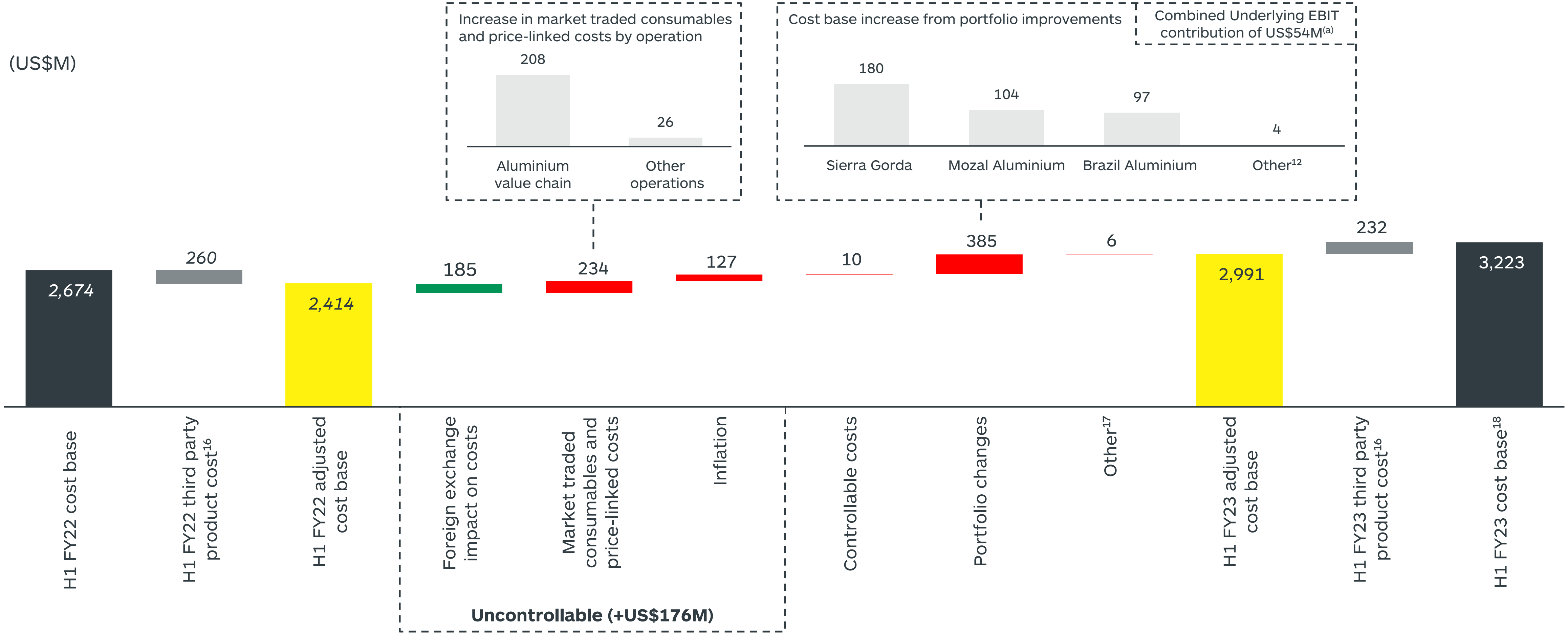
a. The sensitivities reflect the annualised estimated impact on FY23e Underlying EBIT of a 10% movement in H1 FY23 actual realised prices and H1 FY23 actual average exchange rates applied to FY23e volumes and operating unit costs.

b. Aluminium sensitivity does not include the Group consolidation impact of inter-company alumina sold on index. Aluminium sensitivity is shown without any associated increase in alumina pricing.

c. Includes metallurgical coal and energy coal at Illawarra Metallurgical Coal.

COST ANALYSIS

Raw material input price inflation in our aluminium value chain and additional costs associated with our margin accretive portfolio improvements increased our cost base in the half



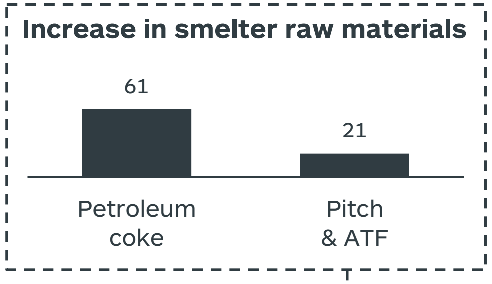
Notes:

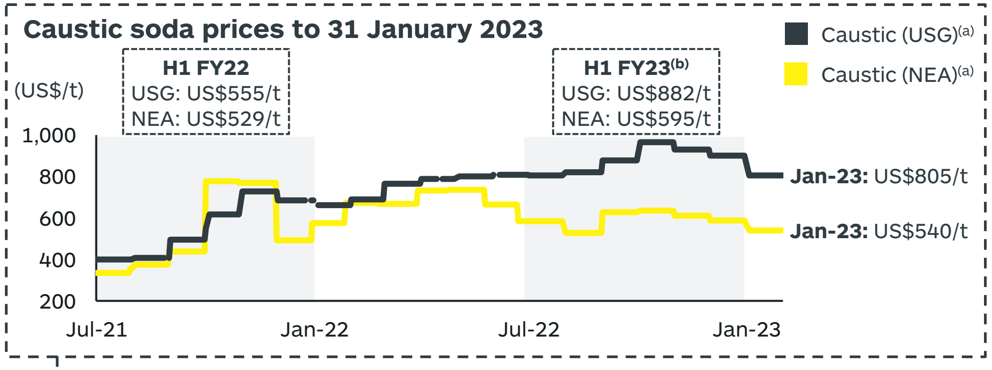
a. Combined positive Underlying EBIT contribution of a 16.6% interest in Mozal Aluminium (US$17M) and a 45% interest in Sierra Gorda (US$107M), partially offset by the ramp-up of the Brazil Aluminium smelter toward nameplate capacity (-US$70M).

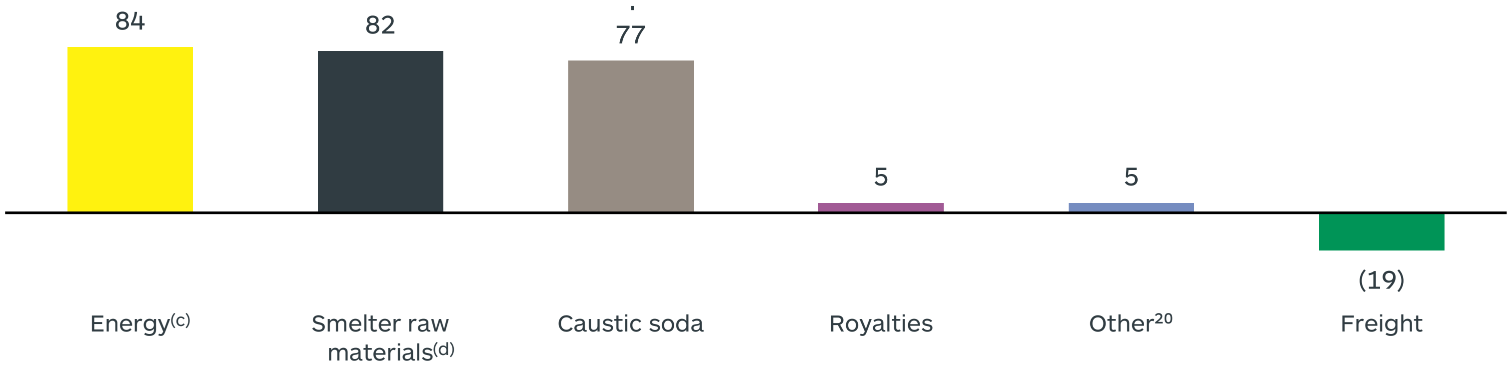
MARKET TRADED CONSUMABLES AND PRICE-LINKED COSTS

Inflation was most acute in our prices for energy, smelter raw materials and caustic soda

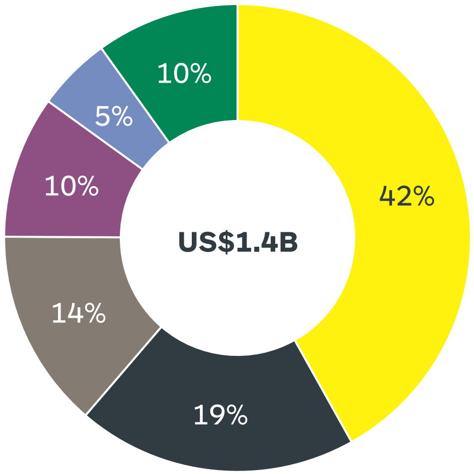
HoH increase of US$234M in market traded consumables and price-linked costs[19]
(US$M)







H1 FY23 total expenditure[19,20]

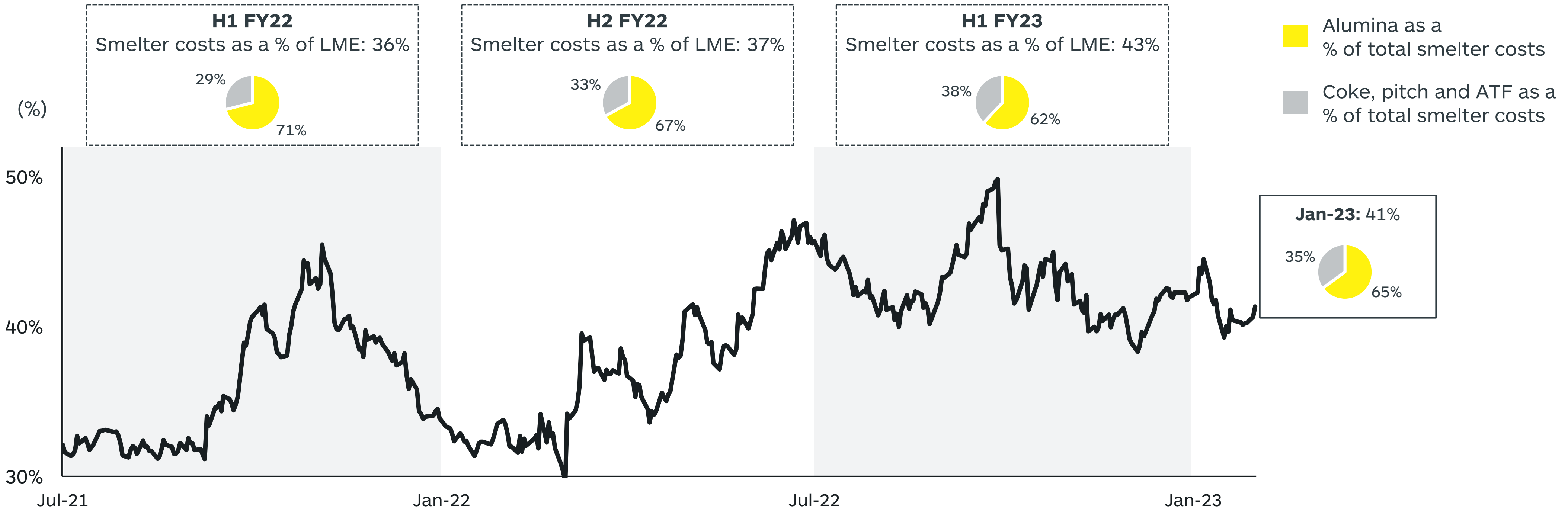


Notes:
a. Caustic Soda (USG) refers to Caustic Soda United States Gulf Asia Free on Board, traded in the Americas region.
Caustic Soda (NEA) refers to Caustic Soda North East Asia Free on Board, traded in the Asia-Pacific region.
b. H1 FY23 caustic soda prices (including freight): Worsley Alumina US$714/t (up ~50% HoH) and Brazil Alumina US$728/t (up ~140% HoH).
c. Includes electricity, diesel, gas, fuel oil and coal.
d. Includes pitch, coke and ATF.

SMELTER RAW MATERIAL BASKET COST INFLATION

Aluminium sector margins were compressed in H1 FY23 with smelter raw material costs moderating to start H2 FY23

Smelter raw material basket cost inflation
Smelter costs[(a)] as a % of LME aluminium[21]



Notes:
a. Smelter costs refers to coke, pitch, ATF and alumina.

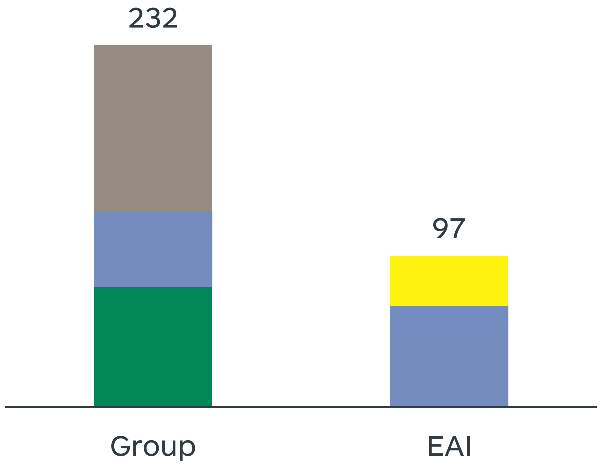
CAPITAL EXPENDITURE ANALYSIS

We are investing in projects to unlock efficiencies, reduce risk, and deliver volume growth in the metals critical to a low-carbon future

H1 FY23 Safe and reliable capital expenditure
(US$M)

Advanced the transition of Appin to a more efficient single longwall configuration at Illawarra Metallurgical Coal

Added Sierra Gorda to our portfolio



H1 FY23 Improvement and life extension capital expenditure
(US$M)

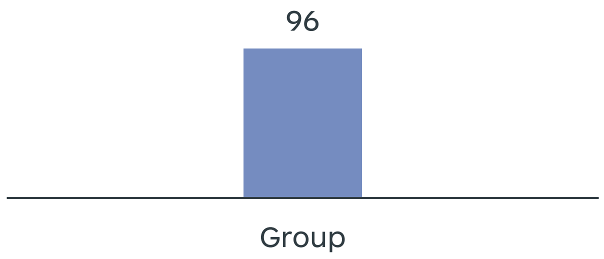
Decarbonisation programs at Worsley Alumina

Plant de-bottlenecking at Sierra Gorda

Life extension at Australia Manganese

H1 FY23 Growth capital expenditure
(US$M)

Advanced critical path construction and study work at Hermosa



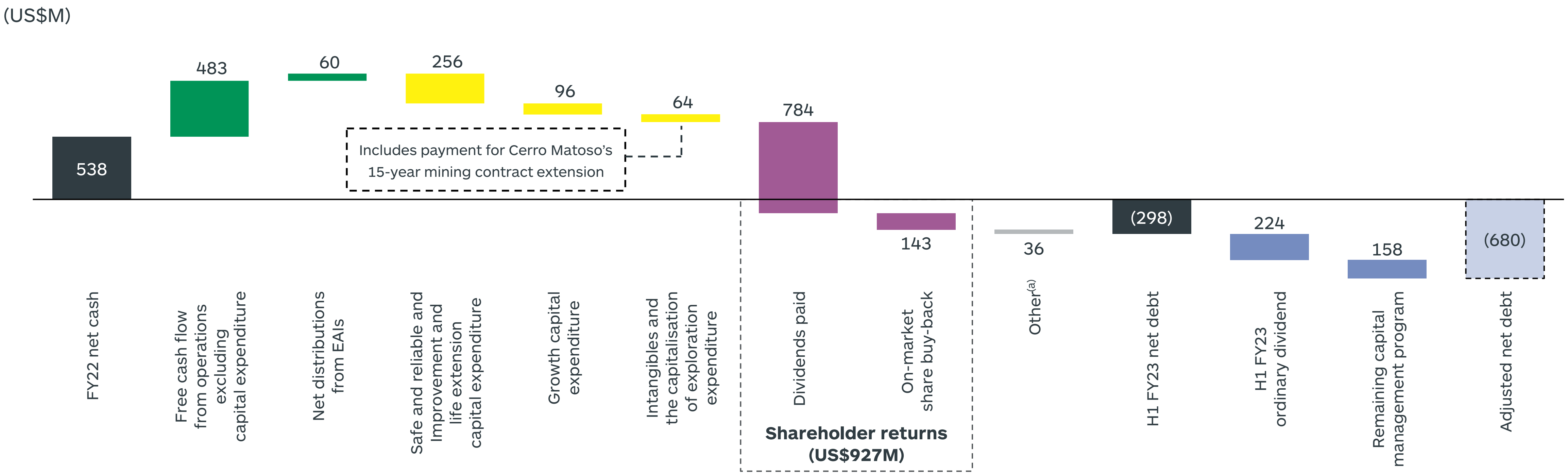
Aluminium value chain | Base metals | Manganese ore | Metallurgical coal

CASH FLOW ANALYSIS

Cash generation reflected one-off tax and working capital impacts while we returned a record US$927M to shareholders in the half

Free cash flow from operations, including EAI distributions, reflected:

- A build in working capital (US$152M) due to a one-off increase related to the Brazil Aluminium restart and higher inventory positions in our aluminium value chain due to shipping delays
- An increase in tax payments (US$113M to US$347M) due to the lagged impact of the prior period's record profitability and one-off payments related to the acquisition of Sierra Gorda (US$111M)
- Net distributions from our Manganese EAI (US$60M), with no distribution from our Sierra Gorda EAI as the operation invested in higher deferred stripping, additional tailings infrastructure and the plant de-bottlenecking project to unlock future volumes



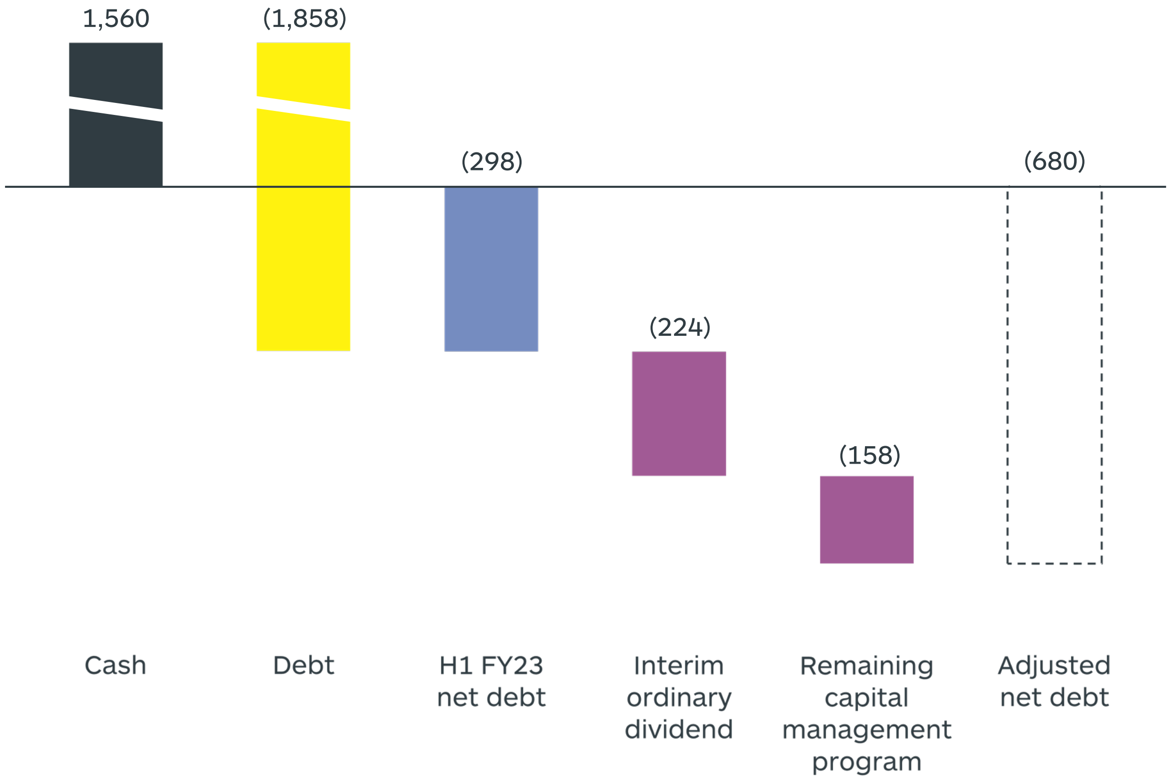
Notes:

a. Other primarily includes cash proceeds from the sale of four non-core royalties to Ecora Resources (US$56M) more than offset by remaining cash payment to acquire an additional 16.6% interest in Mozal Aluminium, an US$8M investment to acquire a 9.9% equity interest in Aldebaran Resources Inc., foreign exchange movements on net cash/(debt) and capitalised lease liabilities.

BALANCE SHEET

We continue to prioritise a strong balance sheet and investment grade credit rating through the cycle

December 2022 net cash/(debt)
(US$M)



- **Our liquidity position remains strong**, with US$1.6B cash on hand[22] and an undrawn sustainability-linked revolving credit facility with available capacity of US$1.4B to December 2026[23]
- **Total debt of US$1.9B is long-dated and includes:**
  - ~US$700M Notes due in 2032[24]
  - US$558M Worsley Alumina cogeneration lease expiring in 2039[25]
  - Other leases and facilities
- **Our balance sheet remains modestly geared with a leverage ratio 0.2**[22]
- **Our current BBB+/Baa1 credit ratings were re-affirmed** by S&P Global Ratings and Moody's, respectively, which reflects our strong balance sheet and continued disciplined approach to capital allocation

CAPITAL MANAGEMENT FRAMEWORK

Our capital management framework is unchanged

We have a balanced approach to capital allocation

Our framework is designed to reward shareholders as our financial performance improves

Capital management framework

ROIC

Maximise cash flow

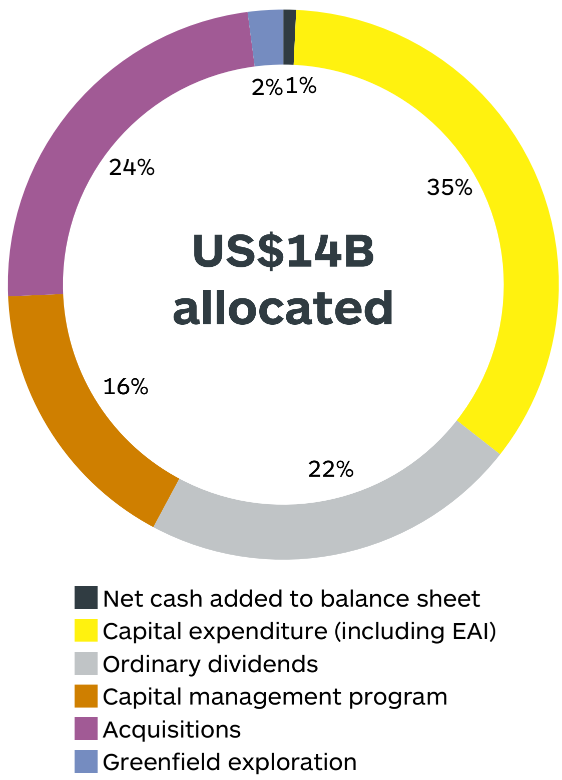
Competition for excess capital
- Investment in our business
- Acquisitions
- Greenfield exploration
- Share buy-backs
- Special dividends

Distribute a minimum 40% of Underlying earnings as ordinary dividends

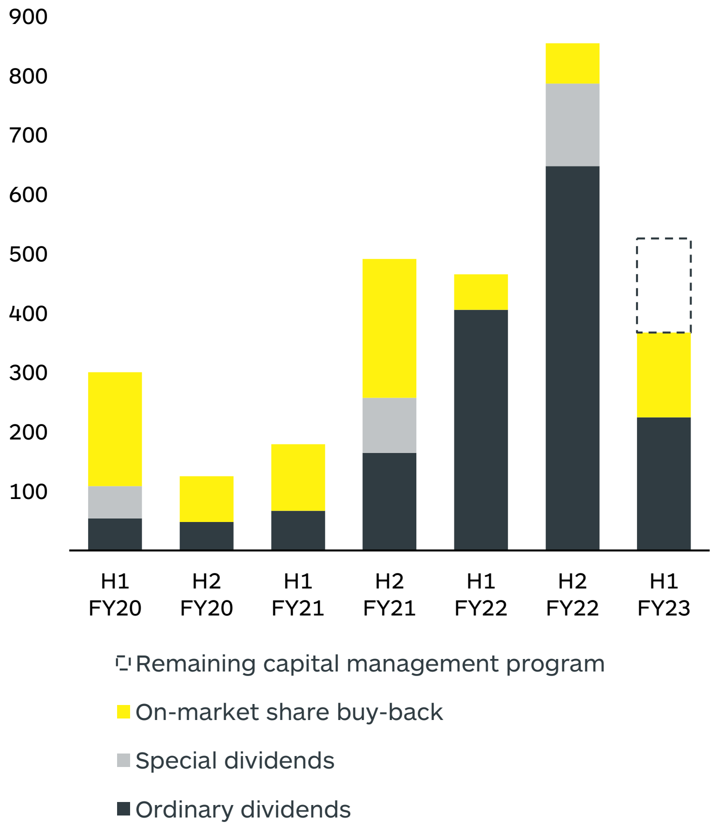
Maintain safe and reliable operations and an investment grade credit rating through the cycle

Cash flow priorities

Capital allocation since FY16
(US$M)



Shareholder returns[(a)]
(US$M)



Notes:
a. Shareholder returns refers to dividends declared in respect of each period and on-market share buy-back amounts paid during each period. Remaining capital management program refers to the balance remaining on our on-market share buy-back program as at the time of release of this presentation.

SHAREHOLDER RETURNS

Our flexible capital management program has been active since FY17

Our on-market share buy-back has reduced shares on issue by 14% since inception

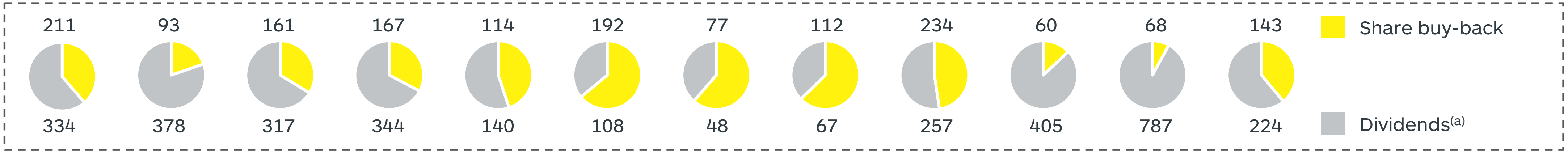
Our program has returned US$2.1B to date and has been expanded by a further US$50M, leaving US$158M to be returned by September 2023

Cumulative EPS[26] (LHS) and South32 share price (RHS)
(US cents per share from 31 December 2016, LHS; A$/share, RHS)

Average buy-back price A$3.00 per share

An 8.4% discount to the volume weighted average price on our trading days

Returns to shareholders (US$M)



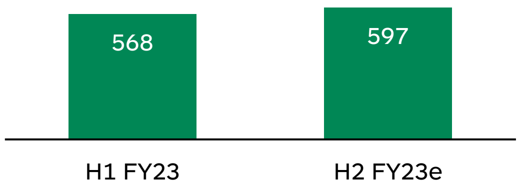
Notes:
a. Ordinary and special dividends resolved to be paid in respect of the period.

BUSINESS OUTLOOK

PRODUCTION GUIDANCE

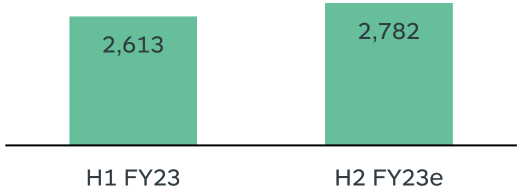
FY23 production guidance is unchanged and we remain on-track to deliver 6% growth in H2 FY23[a]

Aluminium (kt)



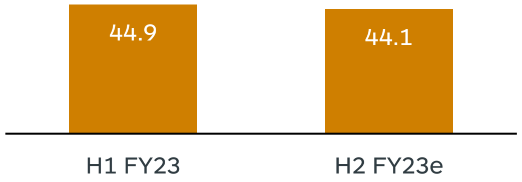
Continued ramp-up of the low-carbon[27] Brazil Aluminium smelter

Alumina (kt)



Worsley Alumina and Brazil Alumina expected to deliver at nameplate capacity

Copper equivalent[28] (kt)



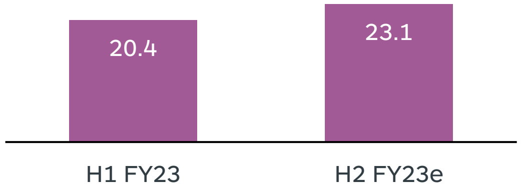
Higher metal grades expected to offset lower planned throughput

First time FY24 production guidance of 87.5kt copper equivalent provided

Zinc equivalent[29] (kt)

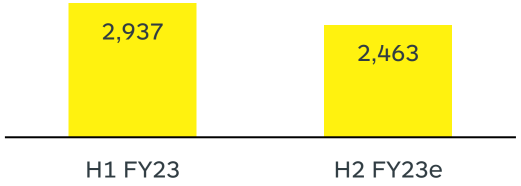
Labour availability constraints reflected in FY23 guidance

Nickel (kt)



OSMOC project expected to support higher volumes from H2 FY23

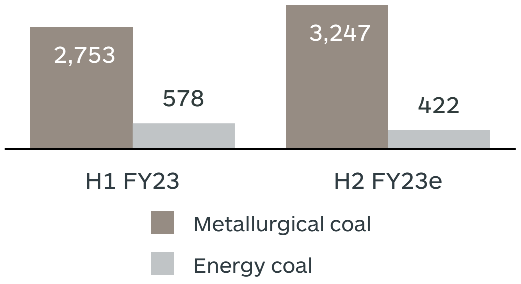
Manganese ore (kwmt)



Australia Manganese record production in H1 FY23, tracking ahead of guidance prior to the wet season

South Africa Manganese to continue to optimise use of higher cost trucking

Metallurgical and energy coal (kt)



Higher metallurgical coal volumes expected following finalisation of new industrial agreement at the Appin mine in Q2 FY23

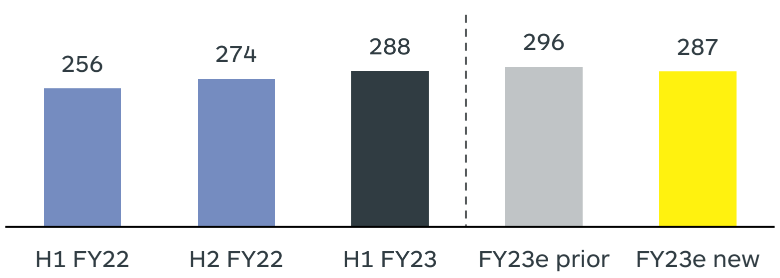
Longwall move at the Dendrobium mine planned to commence in Q3 FY23

Notes:
a. Group copper equivalent production growth compared to H1 FY23.

OPERATING UNIT COSTS PERFORMANCE AND GUIDANCE

FY23 operating unit cost guidance has been reduced or held in-line at the majority of our operations, with 6% production growth in H2 FY23 to support sequentially lower operating unit costs

Worsley Alumina (US$/t)[30,31]

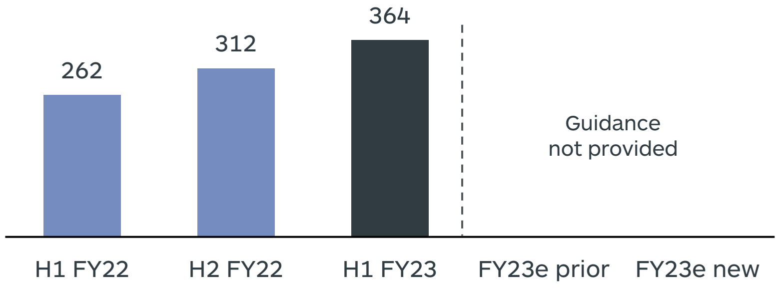


Guidance lowered by 3%

H1 FY23: 3% below prior guidance as a weaker Australian dollar and lower caustic soda costs, more than offset higher energy prices

FY23e new guidance: lower planned caustic soda consumption and prices, partly offset by higher energy prices

Brazil Alumina (non-operated) (US$/t)

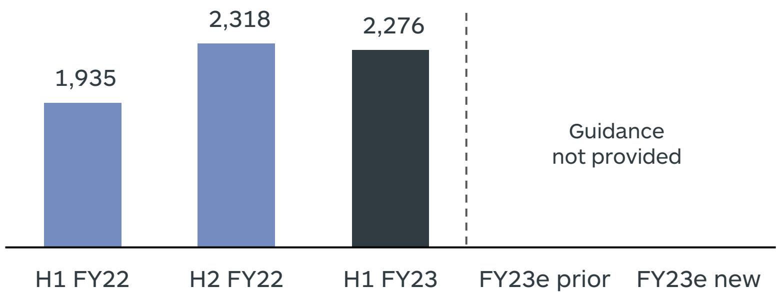


Guidance not provided

H1 FY23 to H2 FY22: higher prices for caustic soda, energy and bauxite, together with increased contractor costs

H2 FY23e: cost profile will continue to be heavily influenced by the price of raw material inputs and energy

Hillside Aluminium (US$/t)

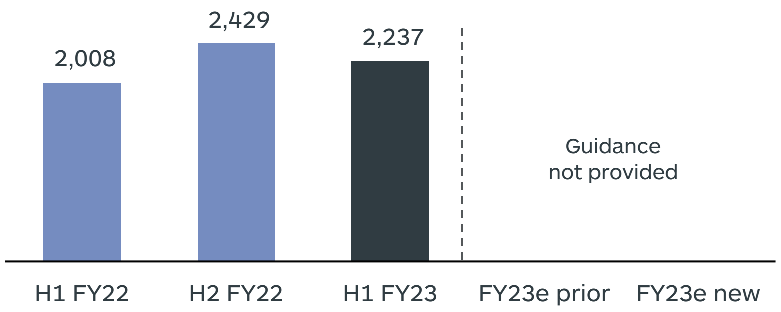


Guidance not provided

H1 FY23 to H2 FY22: decreased by 2% as a weaker South African rand more than offset elevated prices for smelter raw material inputs and the inflation linked indexation of energy costs

H2 FY23e: cost profile will continue to be heavily influenced by the South African rand, and the price of raw material inputs

Mozal Aluminium (US$/t)



Guidance not provided

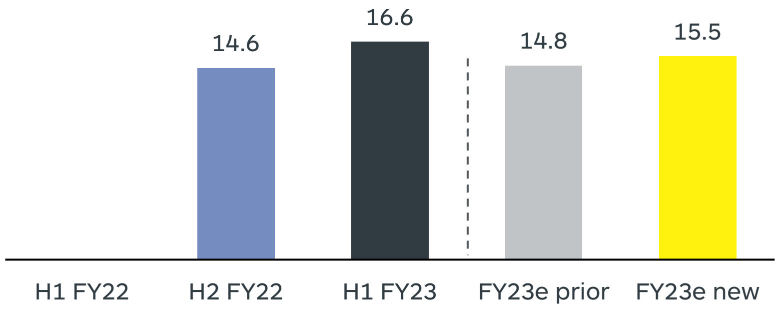
H1 FY23 to H2 FY22: decreased by 8% as a weaker South African rand more than offset elevated smelter raw material input prices

H2 FY23e: cost profile will continue to be heavily influenced by the South African rand, and the price of raw material inputs and energy

OPERATING UNIT COSTS PERFORMANCE AND GUIDANCE

SOUTH32

Sierra Gorda (non-operated) (US$/t)[30,31,32]

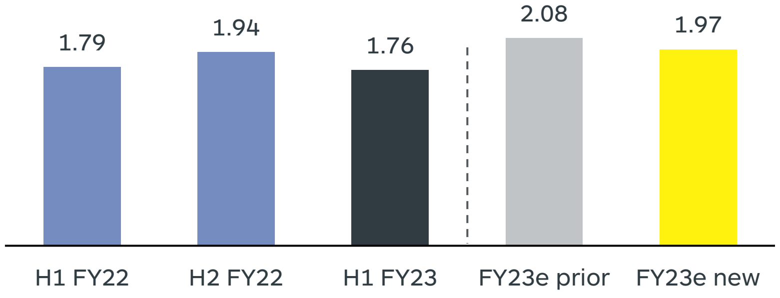


Guidance increased by 5%

H1 FY23: 12% above prior guidance with higher coal price-linked energy costs and lower ore processed

FY23e new guidance: lower ore processed and higher energy prices in H1 FY23, ahead of transition to 100% renewable electricity

Australia Manganese ore (US$/dmtu)[30,31,33]

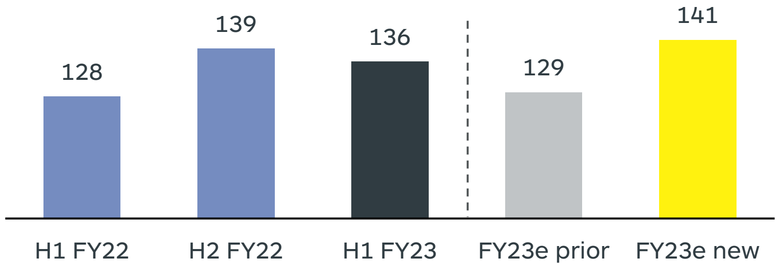


Guidance lowered by 5%

H1 FY23: 15% below prior guidance with higher volumes, a weaker Australian dollar and lower price-linked royalties

FY23e new guidance: lower price-linked royalties, partially offset by higher contractor costs

Cannington (US$/t)[30,31,32]

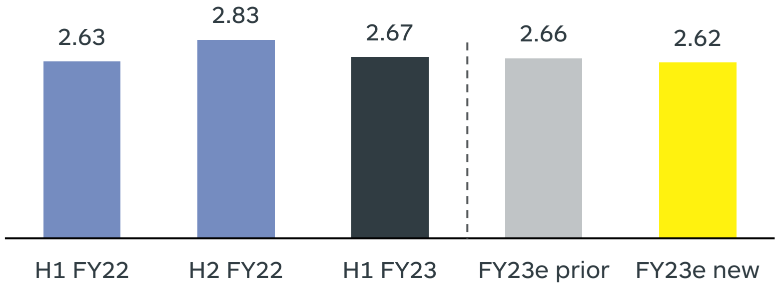


Guidance increased by 9%

H1 FY23: 5% above prior guidance with a weaker Australian dollar and lower price-linked royalties, more than offset by lower ore processed

FY23e new guidance: lower ore processed

South Africa Manganese ore (US$/dmtu)[30,31,33]

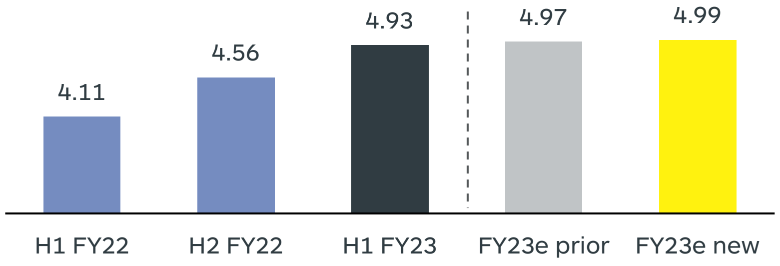


Guidance lowered by 2%

H1 FY23: in-line with prior guidance as a weaker South African rand was partially offset by our continued use of higher cost trucking

FY23e new guidance: weaker South African rand and lower price-linked royalties

Cerro Matoso (US$/lb)[30,31]

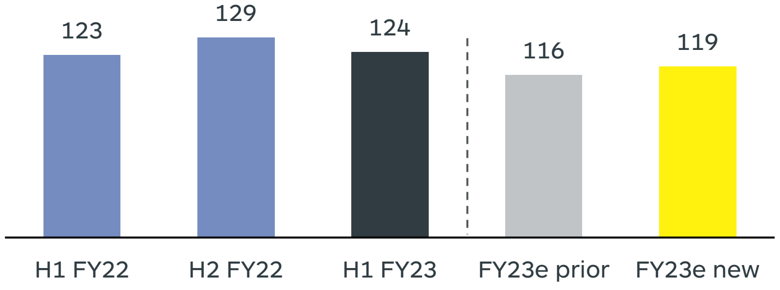


Guidance largely unchanged

H1 FY23: 1% below prior guidance as a weaker Colombian peso and lower price-linked royalties, marginally offset lower volumes

FY23e new guidance: higher price-linked royalties and consumable costs, mostly offset by a weaker Colombian peso

Illawarra Metallurgical Coal (US$/t)[30,31]



Guidance increased by 3%

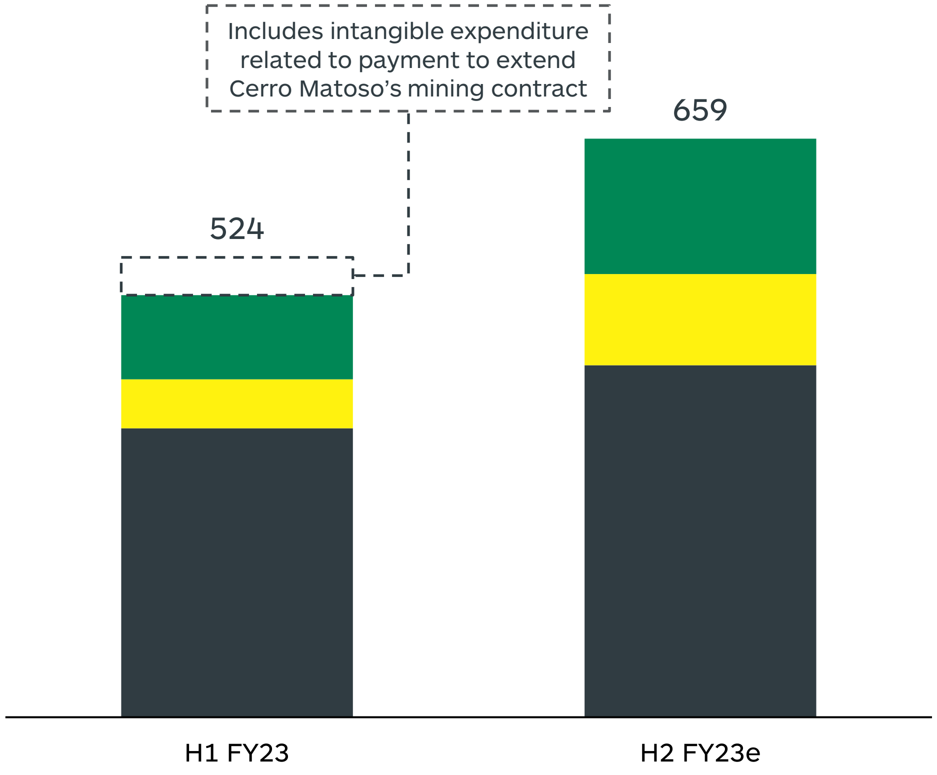
H1 FY23: 7% above prior guidance as a weaker Australian dollar and lower price-linked royalties, were more than offset by lower volumes

FY23e new guidance: reflecting the impact of lower volumes in H1 FY23

CAPITAL EXPENDITURE GUIDANCE (INCLUDING EAI)

We have reduced FY23 guidance by US$105M, as we continue to allocate capital that prioritises safe and reliable operations and invest to unlock value through our improvement, life extension and growth options

Capital expenditure[(a)]
(US$M)



Growth capital (FY23e ↓US$40M to US$250M)

- Construction of critical path dewatering and initial mining infrastructure, with reduced spend in FY23 reflecting the successful renegotiation of commercial supply agreements for long lead items
- Taylor feasibility study expected mid-CY23
- Clark initial pilot plant production expected mid-CY23

Improvement and life extension capital (FY23e ↓US$10M to US$160M)

- Decarbonisation and energy security projects at Worsley Alumina
- Plant de-bottlenecking at Sierra Gorda to unlock future volumes
- Continued roll-out of AP3XLE energy efficiency technology at Hillside Aluminium and Mozal Aluminium
- Eastern Leases mine life extension project at Australia Manganese
- New mining areas and rail infrastructure upgrades at South Africa Manganese

Safe and reliable capital (FY23e ↓US$55M to US$730M)

- Guidance reflects deferral of non-critical activities at Illawarra Metallurgical Coal and Sierra Gorda, as the operations continue to invest in safe and reliable capital programs and projects to enhance productivity:
    - Illawarra Metallurgical Coal: single longwall transition at Appin by FY25 and additional ventilation capacity to enable mining in the current Area 7 to at least 2039[1]
    - Sierra Gorda: deferred stripping activity and additional tailings storage capacity

Notes:
a. Inclusive of our manganese and Sierra Gorda EAIs.

CERRO MATOSO

SOUTH32

We have allocated capital at Cerro Matoso to unlock value and create options for potential supply into new nickel markets

Cerro Matoso's recent high-returning investments have helped to re-position the operation …

Q3 FY21	Q4 FY21	Q2 FY23
Completed major furnace rebuild, opening up the operating window	**Realised first ore from the higher-grade Q&P deposit**	**Commissioned the OSMOC project**

… and sets a strong platform to unlock further value following its mining contract extension to 2044

Unlocks existing resources and creates an opportunity to analyse options to optimise our product mix into the battery supply chain

- Expanded processing capacity delivered by the OSMOC project has underpinned a 15-year extension to the mining contract, creating options for future investments at the operation
- Concept study work completed to date supports the potential to produce intermediary nickel products for electric vehicle (EV) markets
- Operation's proximity to the United States and Free Trade Agreement with Colombia may provide a pathway to supply rapidly growing North American market
- Additional test work and studies to be prioritised

HERMOSA PROJECT

Unlocking multiple sources of value to deliver future supply of metals critical to a low-carbon future

Taylor zinc-lead-silver development option

Targeting a sustainable, low-cost operation with 20+ year resource life[(a)] in the first quartile of the industry's cost curve

Final investment decision expected mid CY23

Clark battery-grade manganese-zinc-silver development option

Confirmed the opportunity to supply battery-grade manganese into rapidly growing North American markets

Pilot plant production expected mid CY23

Regional resource growth potential

Highly prospective regional land package with identified copper and base metals targets

Exploration ongoing at Peake, planning to drill Flux in CY23[(a)]

Notes:
a. Refer to important notices (slide 2) for additional disclosure.

HERMOSA PROJECT – TAYLOR

Orebody dewatering, studies and early site works progressing in-line with our Taylor PFS capital estimate

WTP2 and dewatering well construction

FY23e Growth capital expenditure
(US$M)

DEWATERING
US$120M

Critical path orebody dewatering infrastructure

INITIAL MINING INFRASTRUCTURE
US$80M

Engineering and initial construction ahead of shaft sinking

INDIRECT COSTS[(a)]
US$25M

OTHER HERMOSA PROJECT COSTS[(b)]
US$25M

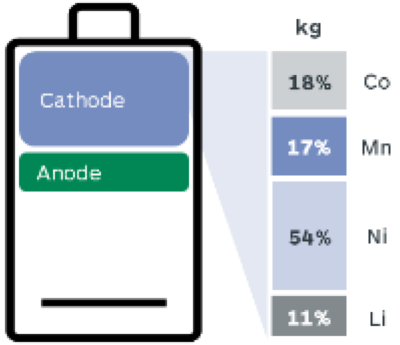
FY23 investment of US$225M in orebody dewatering, initial site works and the feasibility study included in Taylor's PFS capital estimate of ~US$1.7B

Notes:
a. Indirect costs primarily relate to Taylor FS costs.
b. Additional costs incurred during study phase and work across the broader Hermosa project, including at Clark.

HERMOSA PROJECT – CLARK

Ideally positioned to provide secure, localised supply of battery-grade manganese into rapidly expanding North American supply chain

Battery chemistry for a standard lithium, nickel, cobalt and manganese battery (NCM-622)...



...with battery technologies targeting manganese rich chemistries (NMx, LMNO, LMFP) that have significantly higher manganese content

Battery-grade manganese is a critical metal for EV supply chains

- Global EV penetration rates are rapidly rising
- Committed government policies expected to underpin a near six-fold increase from 2022 levels by 2030
- Manganese is the preferred metal of some leading EV producers to displace cobalt and partially substitute nickel
- Manganese rich chemistries help to improve vehicle performance and lower costs
- Customer interest is focused on meeting responsible sourcing requirements with a high-spec North-American sourced product
- We are advancing customer discussions, including signing our first non-binding, non-exclusive MOU, providing a framework for our supply of material from Hermosa to the North American market

Clark selection phase PFS outcomes

✓ Confirmed opportunity to produce battery-grade manganese for growing North American electric vehicle supply chain

✓ Preferred mine plan is a small footprint, single decline underground mine

✓ High-purity manganese sulphate monohydrate identified as preferred flow sheet, with zinc and silver co-products

Multiple work streams underway to unlock value

→ Metallurgical test work and bulk sample collection underway to support pilot plant production from mid CY23

→ Demonstration plant scope to be determined following pilot plant test work

→ Exploring synergies between Taylor and Clark

→ Updated JORC Mineral Resource estimate expected mid CY23

CREATING VALUE THROUGH EXPLORATION

Investing in our portfolio of exploration options to discover our next generation of mines

Exploration spend (US$M)	FY22	FY23e
Greenfield exploration	26	40
Capitalised exploration (excl. EAI)	33	40
incl. Hermosa	*19*	*20*
incl. Ambler Metals	*11*	*10*

Notes:
a. The exploration projects, partnerships or options on this slide reflect a combination of wholly-owned South32 projects, exploration partnerships, strategic alliances and earn-in agreements.

SOUTH32

MARKETS OUTLOOK

ALUMINIUM MARKET

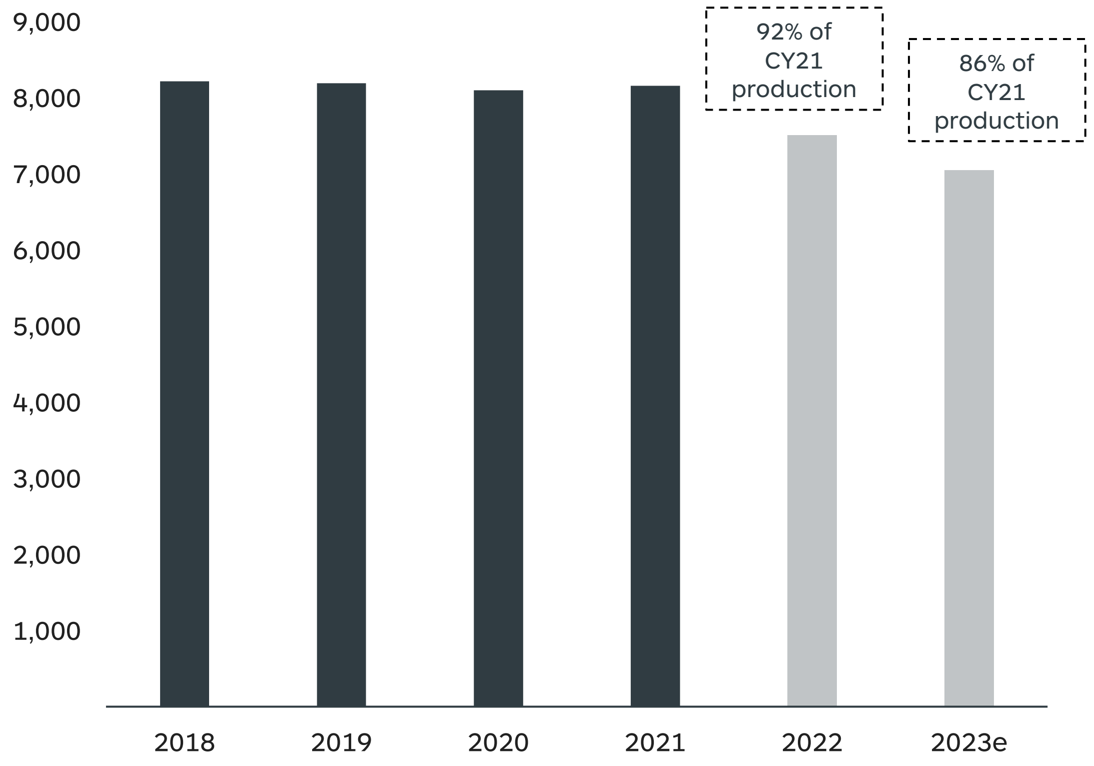
SOUTH32

European smelter shuts are keeping global supply tight

Low inventories and China supply disruptions due to power shortages are providing near-term price support

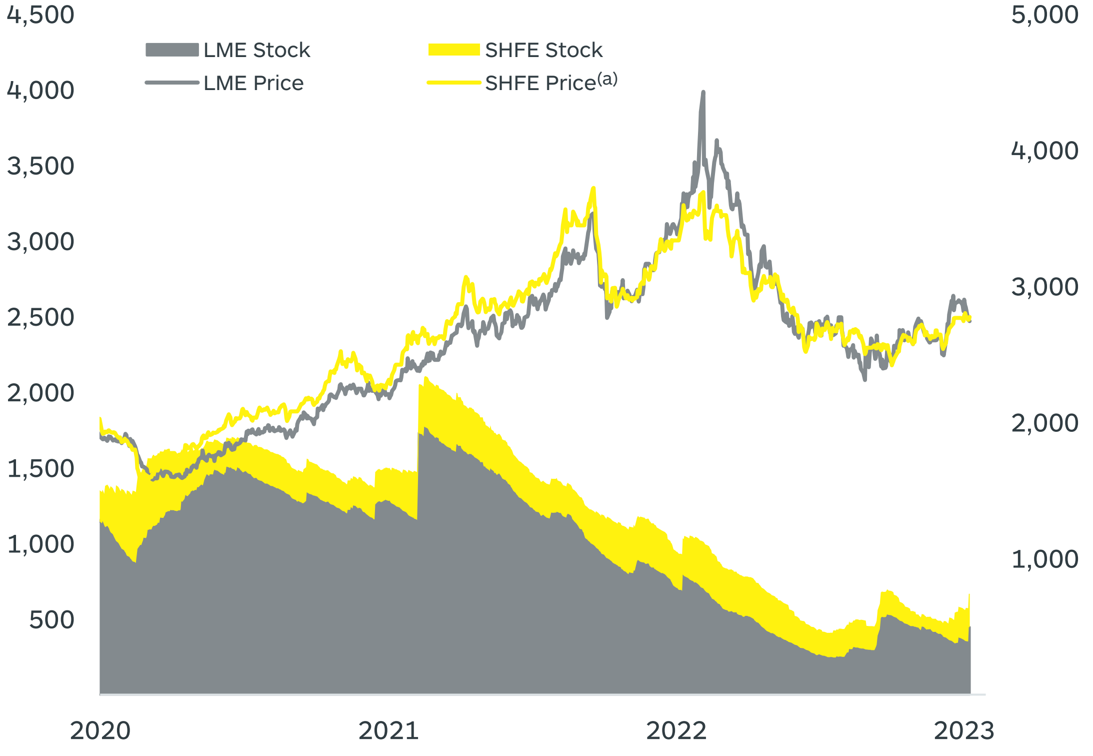
Long-term outlook underpinned by global energy transition and Chinese capacity cap

Aluminium production in Europe
(kt)



Source: CRU

Aluminium price and stocks
(US$/t, LHS; kt, RHS)



Source: LME, SHFE (Shanghai Futures Exchange)
Notes:
a) SHFE prices refer to SHFE excluding VAT of 13% (from 1 April 2019), 16% (from May 2018) and 17% prior to that.

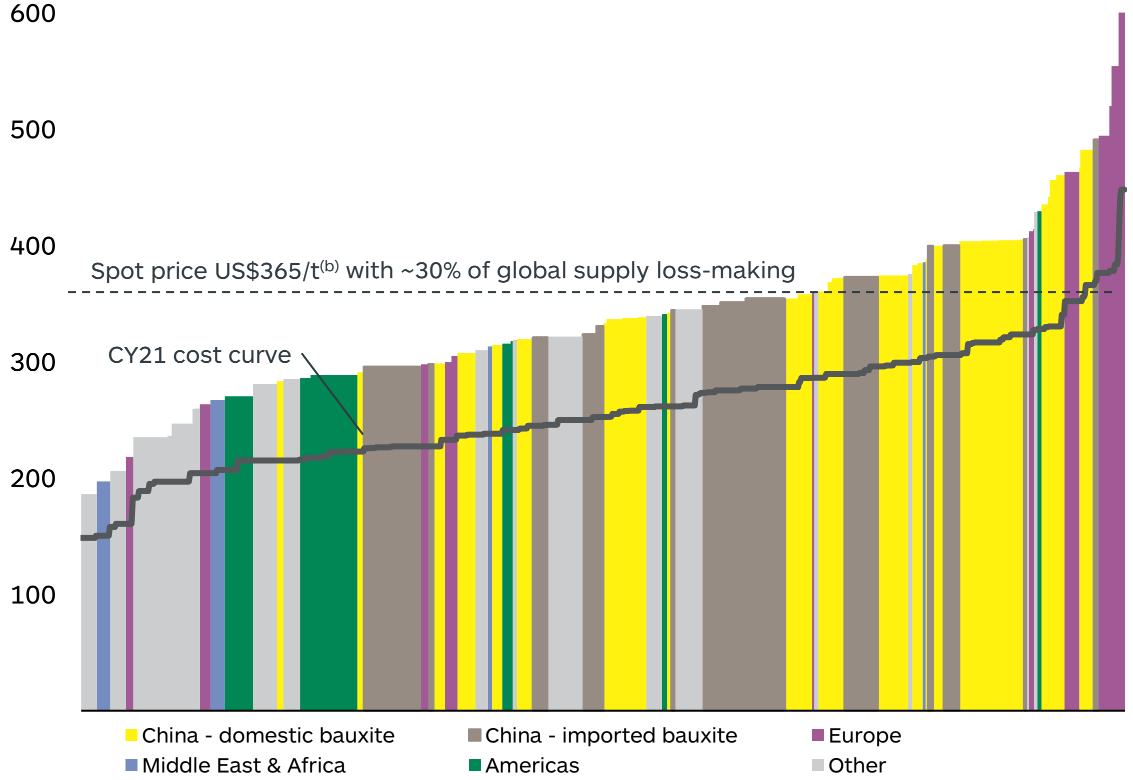
ALUMINA MARKET

Cost curve has steepened due to elevated prices for caustic soda and energy, coupled with tighter Australian supply

Less efficient refineries remain at risk, with ~30% of global supply loss-making

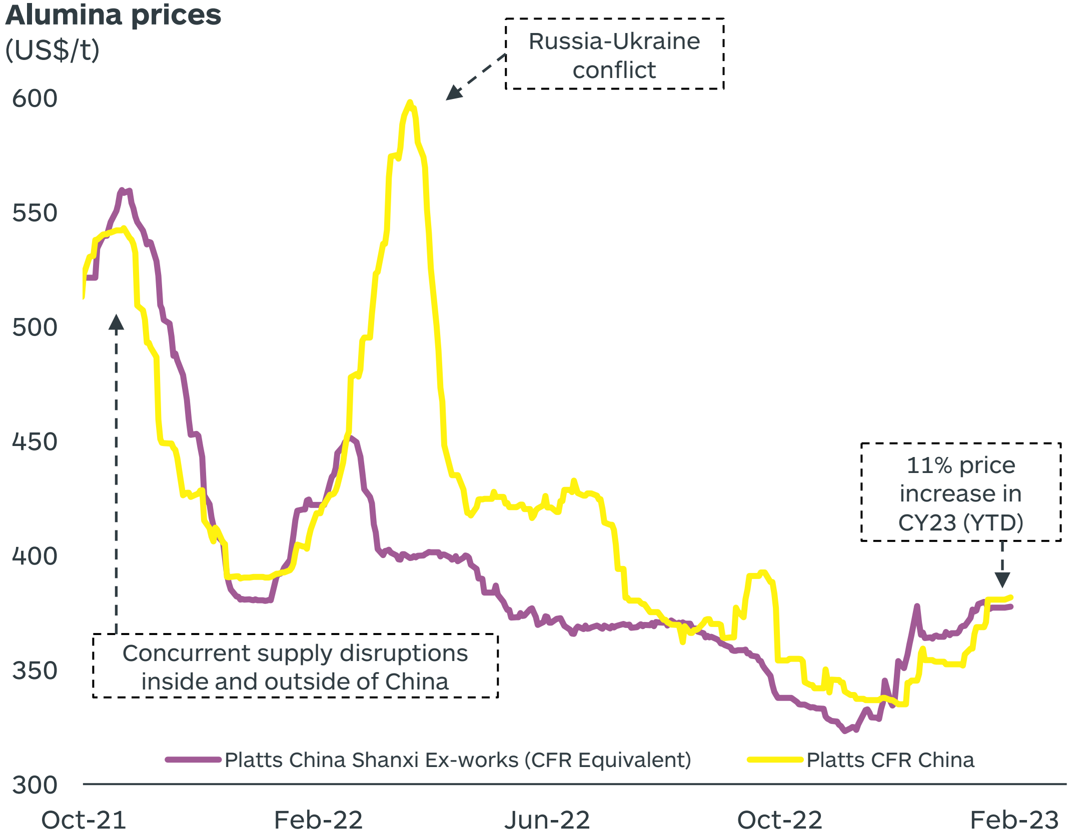
Future builds are expected to come from outside of China due to declining Chinese bauxite self sufficiency and environmental policies

Alumina cost curve (CY21 and CY22)[a]
(US$/t)



Source: CRU
Notes:
a) Illustrates business costs which represent cash costs net of premiums (normalised to FOB Australia price).
b) Spot price as of 8 February 2023.

Alumina prices
(US$/t)



Source: Platts, South32 Analysis

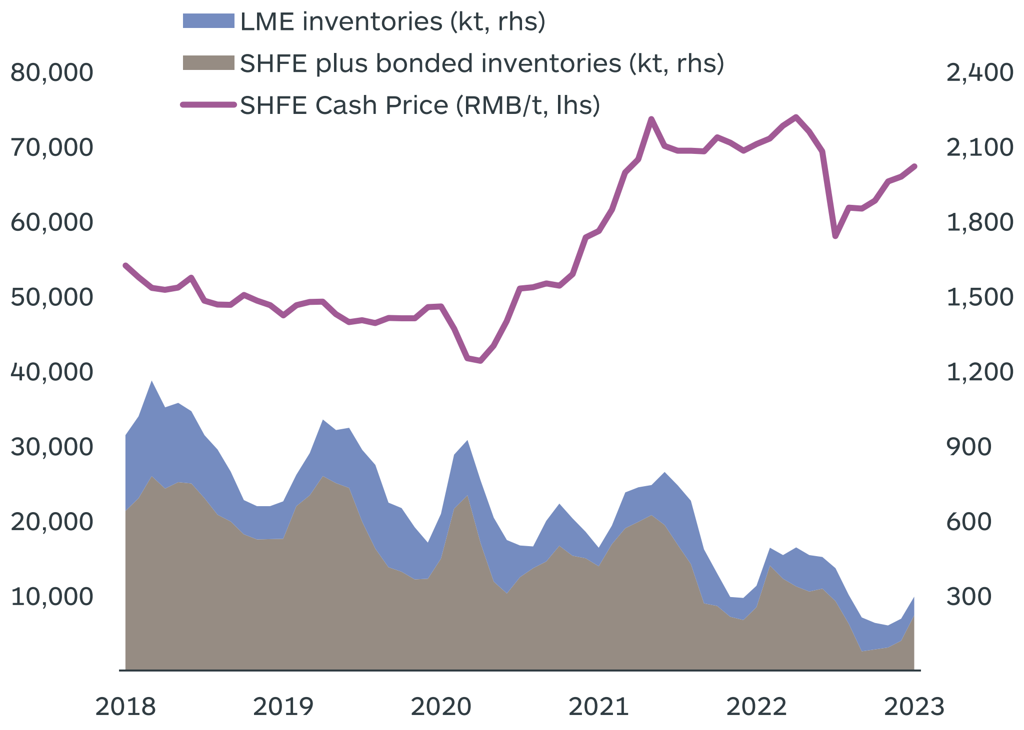
COPPER MARKET

China's demand remained robust across CY22 with inventories now near multi-year lows

Global supply continues to be impacted by multiple disruptions, including in Peru which accounts for ~8% of global supply

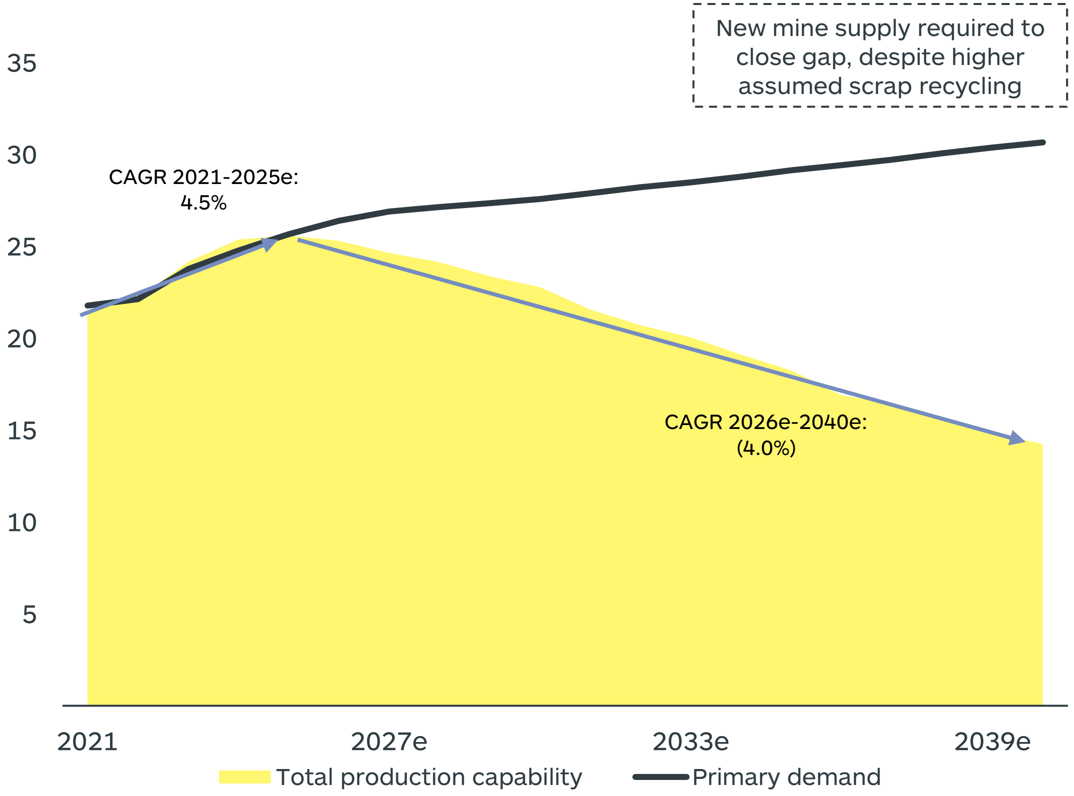
Long term demand outlook supported by renewables deployment and rising electric vehicle penetration

China's copper price and inventories
(RMB/t, LHS; kt, RHS)



Source: LME (London Metal Exchange), SHFE (Shanghai Futures Exchange), Datastream

Regional mine production capability versus primary demand
(Mt Cu)



Source: Wood Mac global copper investment horizon outlook Q4 2022, South32 analysis

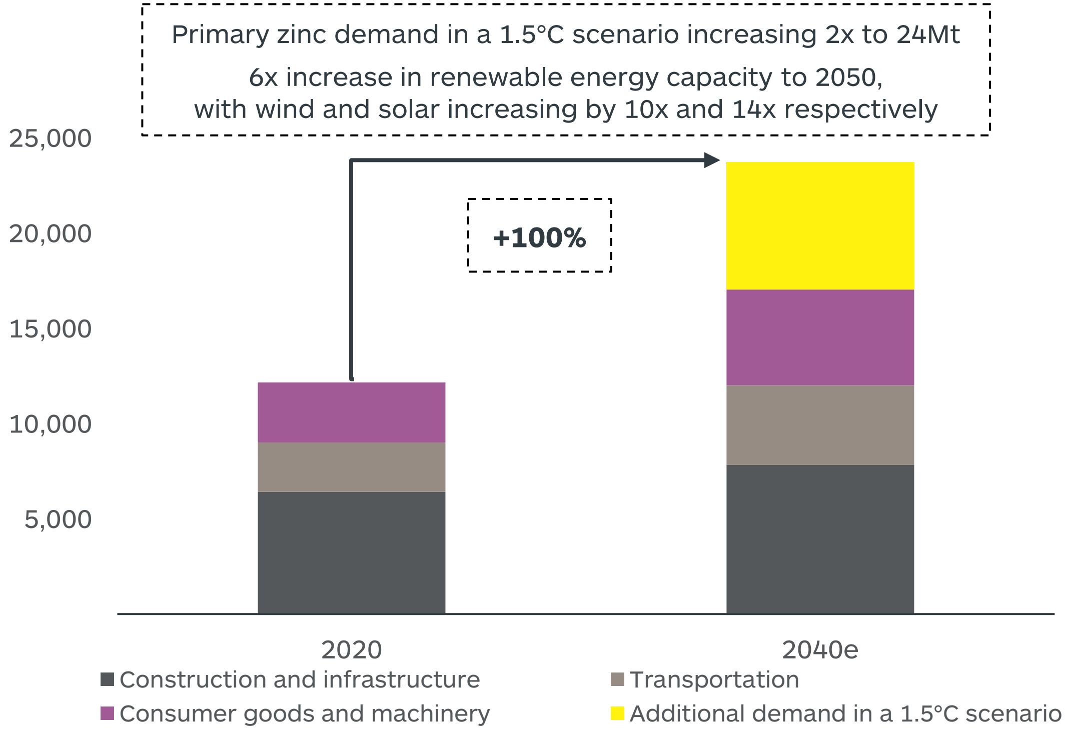
ZINC MARKET

Rapid renewables deployment and the requirement to protect wind and solar infrastructure could see zinc demand double over the next two decades

We expect China's supply to have peaked with environmental regulations and falling grades limiting future potential mines

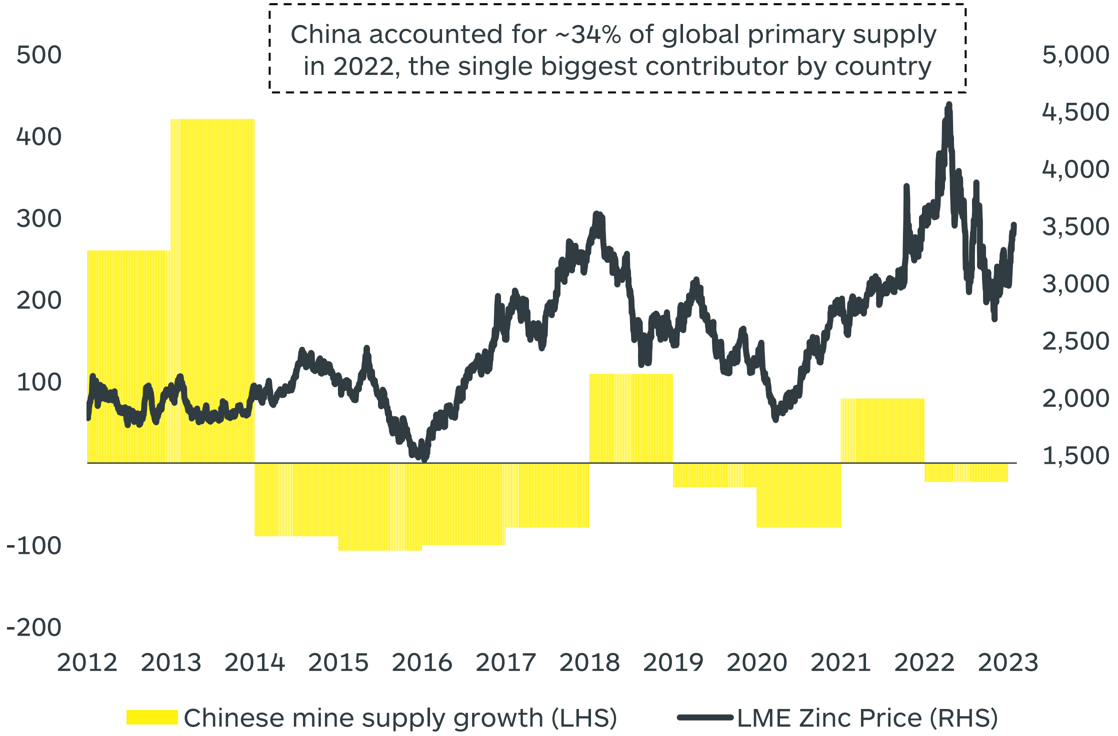
2030e supply and demand gap equivalent to more than three new Hermosa Taylor[(a)] sized projects required each year

Zinc primary demand
(kt Zn)



Source: South32 analysis

Chinese mine supply growth and zinc price
(kt Zn, LHS; US$/t, RHS)



Source: South32 analysis, LME

Notes:
a) Based on Taylor Deposit pre-feasibility study with 130kt per annum steady state payable zinc production. Refer to important notices (slide 2) for additional disclosure.

MANGANESE MARKET

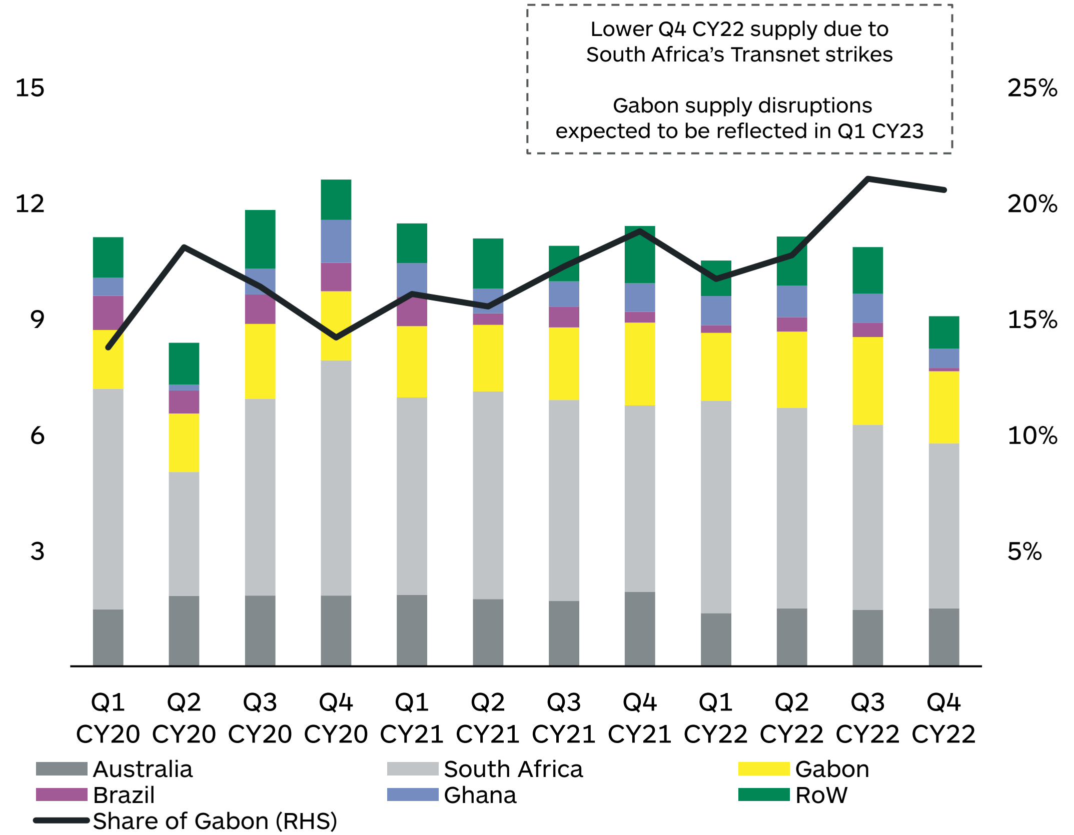
SOUTH32

Supply disruptions and improving Chinese demand have supported an increase in prices, particularly for high grade ore

Long term price expected to be set by marginal South African supply transitioning underground over time

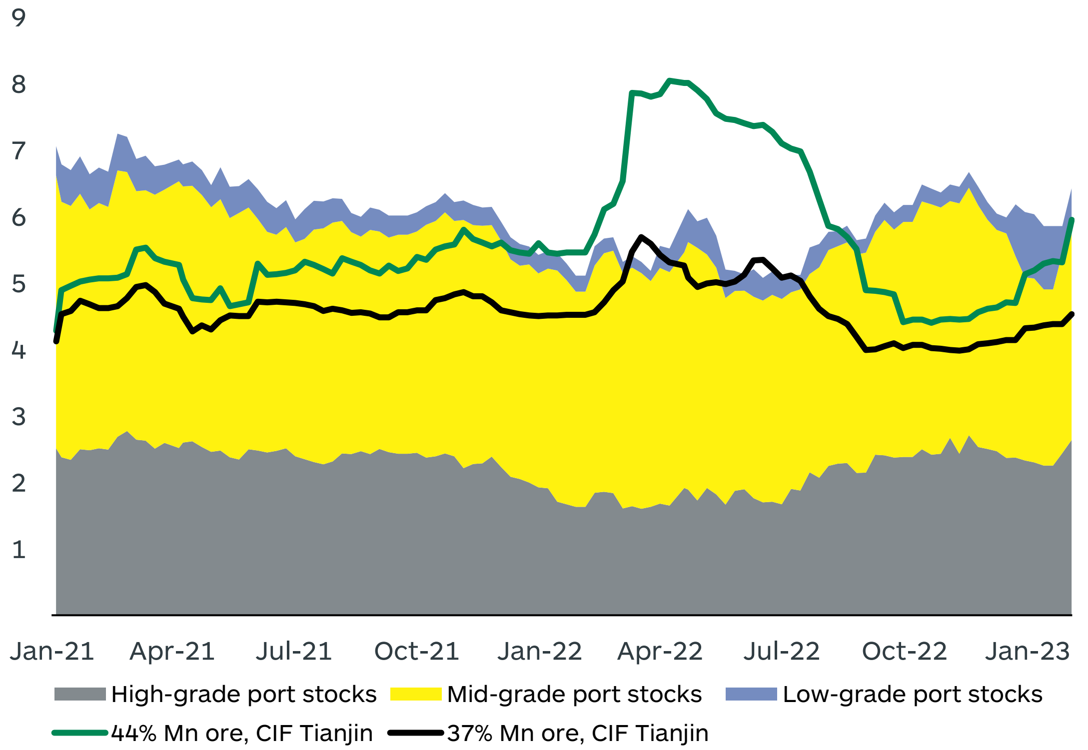
Rising EV penetration and adoption of Mn-rich battery chemistries expected to add to overall demand

Manganese ore exports by region
(Mt, LHS; share by region %, RHS)



Source: GTA customs, Aristeed

Manganese ore price and China port stocks by grade
(US$/dmtu; Mt)



Source: Fastmarkets, Ferroalloy.net

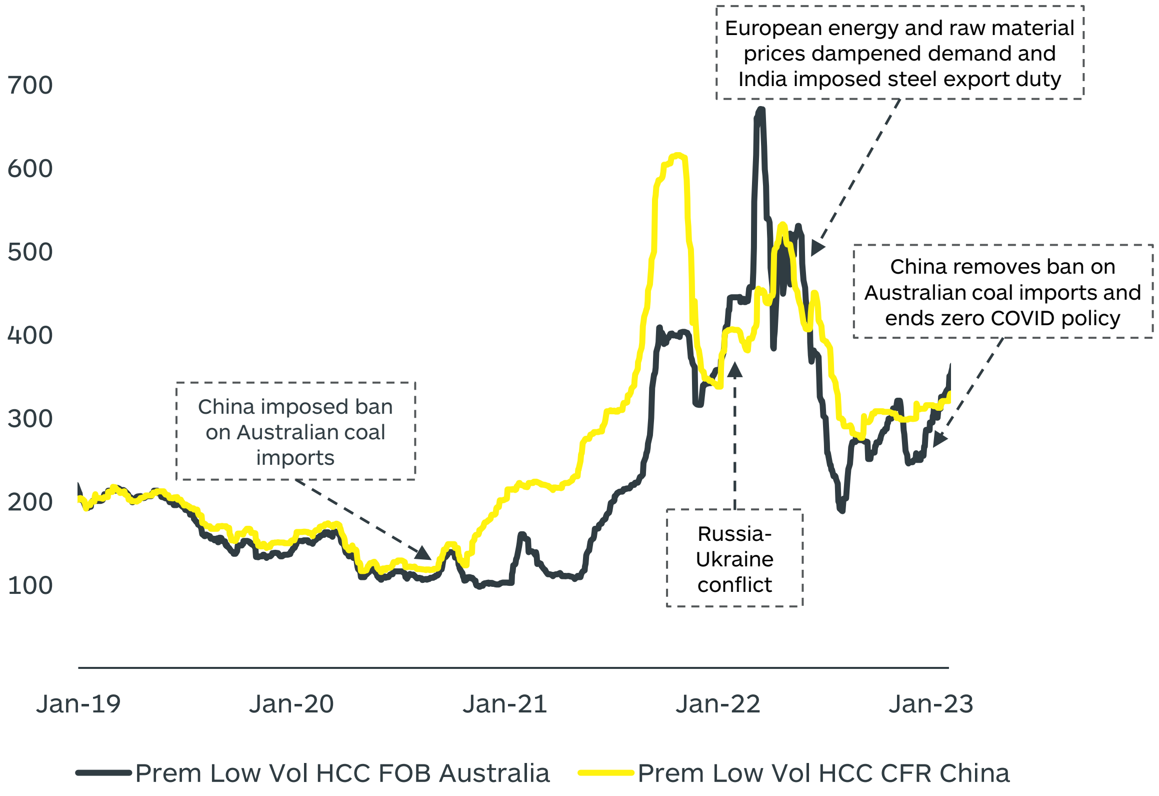
METALLURGICAL COAL MARKET

Recent price increases driven by weather-related supply concerns in Queensland and the lifting of China's ban on Australian coal imports

Further supply risks and steel sector recovery expected to support prices in the near term

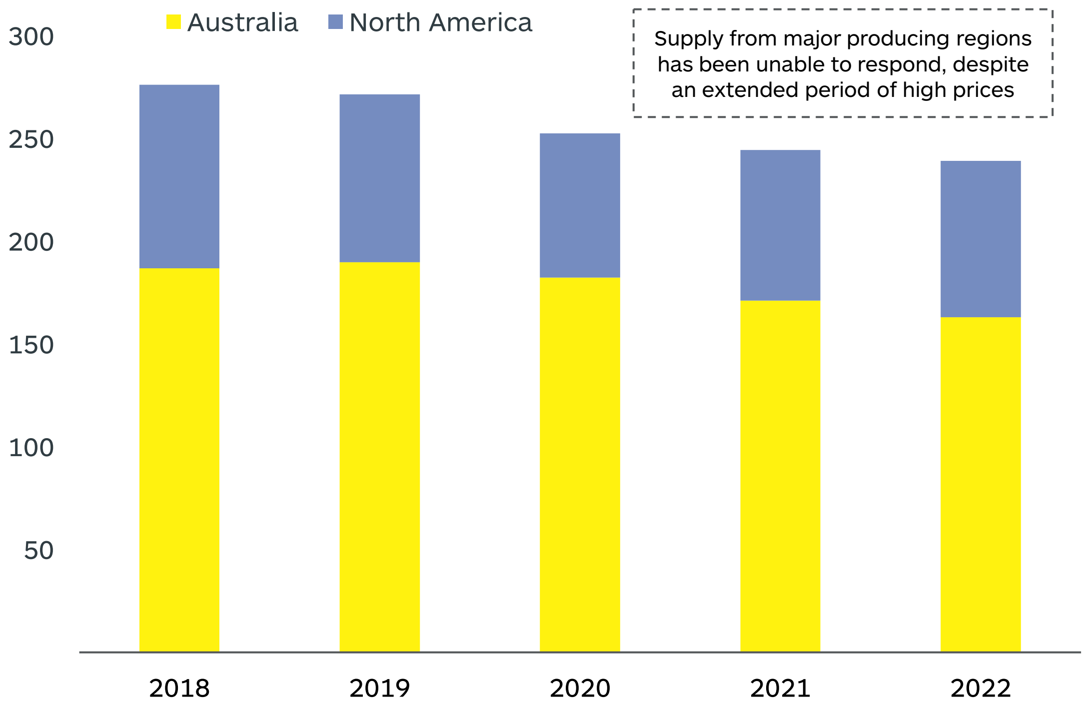
In the long term, the ability of new supply to meet rising Asian demand will be constrained by challenges in infrastructure, approvals and financing

Metallurgical coal price and arbitrage
(US$/t)



Source: Platts, World Steel Association, South32 Analysis

Australia and North American metallurgical coal exports[a]
(Mt)



Source: IHS Markit (S&P Global) Commodities at Sea, South32 analysis

Notes:
a) Metallurgical coal trade flow includes HCC, semi-soft coking coal and PCI.

PERFORMANCE SUMMARY

We remain focused on delivering safe and stable operational performance, continuing to reward shareholders and unlocking value from our high-quality growth options

H1 FY23 Underlying EBITDA
US$1,364M

H1 FY23 Operating margin
31.5%

H1 FY23 Underlying earnings
US$560M

Interim ordinary dividend
US 4.9 cents per share
(US$224M)

Capital management program expanded by US$50M, leaving US$158M to be returned

6% production growth expected in H2 FY23

FY23 operating unit cost guidance reduced or held in line at the majority of our operations

Volume growth, lower costs and commodity price tailwinds to support margin expansion

Unlocking value from our pipeline of established options in metals critical to a low-carbon future

SUPPLEMENTARY INFORMATION

EARNINGS SENSITIVITIES

Annualised estimated impact on FY23e Underlying EBIT of a 10% change in commodity prices or currency[a]	EBIT sensitivities +/- 10% US$M
Aluminium[b]	303
Alumina[b]	185
Metallurgical coal[c]	168
Manganese ore	91
Nickel	73
Copper	70
Silver	25
Lead	21
Zinc	15
Australian dollar	203
South African rand	116
Brazilian real	33
Colombian peso	28
Chilean peso	14

Notes:

a. The sensitivities reflect the annualised estimated impact on FY23e Underlying EBIT of a 10% movement in H1 FY23 actual realised prices and H1 FY23 actual average exchange rates applied to FY23e volumes and costs.

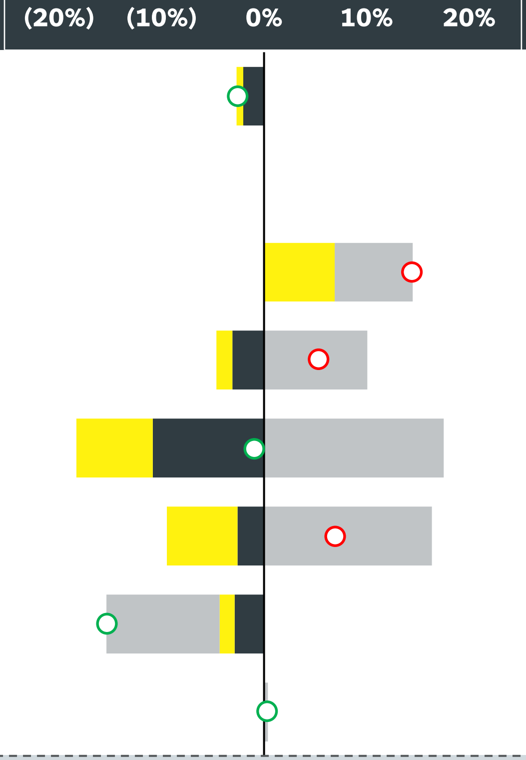
b. Aluminium sensitivity does not include the Group consolidation impact of inter-company alumina sold on index. Aluminium sensitivity is shown without any associated increase in alumina pricing.

c. Includes metallurgical and energy coal at Illawarra Metallurgical Coal.

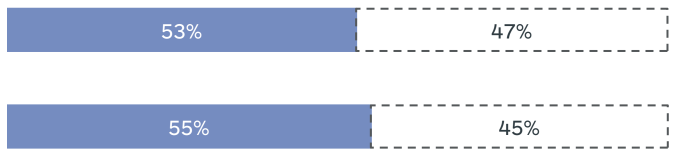
OPERATING UNIT COSTS

Operating unit costs	H1 FY22	H2 FY22	H1 FY23	H1 FY23 adjusted[34]	FY23 prior guidance[30]	Commentary to guidance or H2 FY22
Worsley Alumina (US$/t)	256	274	288	288	296	Weaker Australian dollar and lower caustic soda costs, more than offset higher energy prices
Brazil Alumina (non-operated) (US$/t)	262	312	364	N/A	Guidance not provided	Higher prices for caustic soda, energy and bauxite, together with increased contractor costs (compared to H2 FY22)
Sierra Gorda (non-operated)[32] (US$/t)	N/A	14.6	16.6	15.5	14.8	Higher coal price-linked energy costs and lower ore processed
Cannington[32] (US$/t)	128	139	136	123	129	Weaker Australian dollar and lower price-linked royalties, more than offset by lower ore processed
Cerro Matoso (US$/lb)	4.11	4.56	4.93	4.06	4.97	Weaker Colombian peso and lower price-linked royalties, marginally offset by lower volumes in H1 FY23
Illawarra Metallurgical Coal (US$/t)	123	129	124	105	116	Weaker Australian dollar and lower price-linked royalties, were more than offset by lower volumes in H1 FY23
Australia Manganese[33] (FOB, US$/dmtu)	1.79	1.94	1.76	1.99	2.08	Higher volumes, a weaker Australian dollar and lower price-linked royalties
South Africa Manganese[33] (FOB, US$/dmtu)	2.63	2.83	2.67	2.50	2.66	In-line with prior guidance as a weaker South African rand was partially offset by our continued use of higher cost trucking

H1 FY23 actual vs. FY23 prior guidance



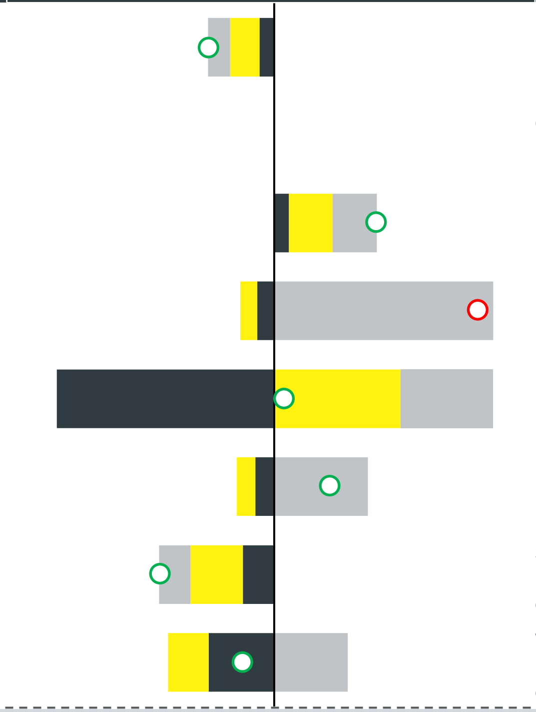
Operating unit costs	H1 FY22	H2 FY22	H1 FY23	H1 FY23 adjusted[34]	Cost breakdown H1 FY23	Commentary to guidance or H2 FY22
Hillside Aluminium (US$/t)	1,935	2,318	2,276	2,233	53% / 47%	Sequentially lower as a weaker South African rand more than offset elevated prices for smelter raw materials and inflation linked indexation of energy costs (compared to H2 FY22)
Mozal Aluminium (US$/t)	2,008	2,429	2,237	2,256	55% / 45%	Sequentially lower as a weaker South African rand more than offset elevated smelter raw material input prices (compared to H2 FY22)



Foreign exchange Price-linked costs (including royalties)[35] Controllable costs Raw material inputs Other
H1 FY23 actual vs. FY23 prior guidance % movement ≤ 5% of guidance >5% of guidance

OPERATING UNIT COSTS GUIDANCE

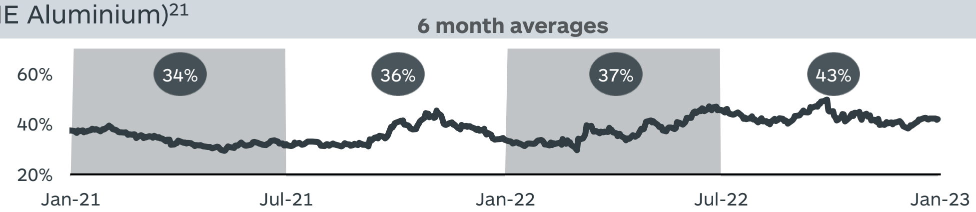
Operating unit costs	H1 FY23 actual	FY23 prior guidance	FY23 adjusted prior guidance[34]	FY23 new guidance[31]	FY23 new guidance vs. FY23 prior guidance (10%) 0% 10%	Commentary
Worsley Alumina (US$/t)	288	296	290	287		Lower planned caustic soda consumption and prices, partly offset by higher energy prices
Brazil Alumina (non-operated) (US$/t)	364	Guidance not provided	N/A	Guidance not provided		Cost profile will continue to be heavily influenced by the price of raw material inputs and energy
Sierra Gorda (non-operated)[32] (US$/t)	16.6	14.8	15.2	15.5		Lower ore processed and higher energy prices in H1 FY23, ahead of the transition to 100% renewable electricity
Cannington[32] (US$/t)	136	129	127	141		Lower ore processed
Cerro Matoso (US$/lb)	4.93	4.97	4.93	4.99		Largely unchanged with higher price-linked royalties and consumable costs, mostly offset by a weaker Colombian peso
Illawarra Metallurgical Coal (US$/t)	124	116	114	119		Lower volumes in H1 FY23
Australia Manganese[33] (FOB, US$/dmtu)	1.76	2.08	2.00	1.97		Stock build ahead of the wet season and lower price-linked royalties, partially offset by higher contractor costs
South Africa Manganese[33] (FOB, US$/dmtu)	2.67	2.66	2.53	2.62		Weaker South African rand and lower price-linked royalties, partially offset by our continued use of higher cost trucking



Smelter raw material basket costs

(% of LME Aluminium)[21]

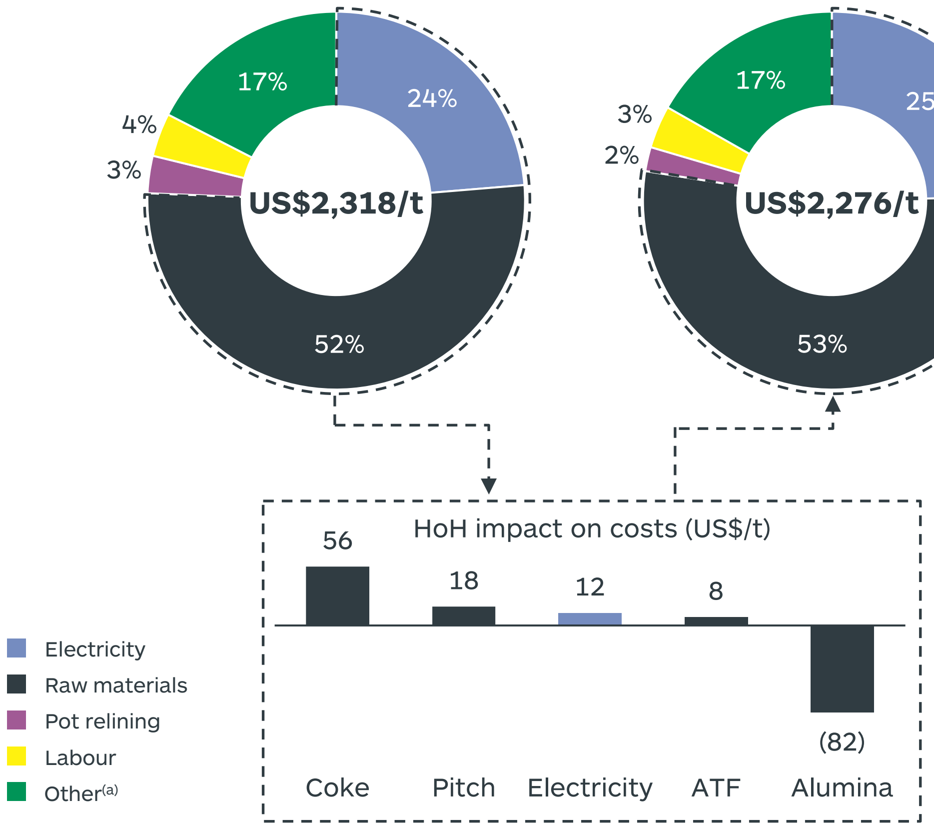
	H1 FY23 actual		Commentary
Hillside Aluminium (US$/t)	2,276		Cost profile will continue to be heavily influenced by the South African rand, and the price of raw material inputs and energy
Mozal Aluminium (US$/t)	2,237		

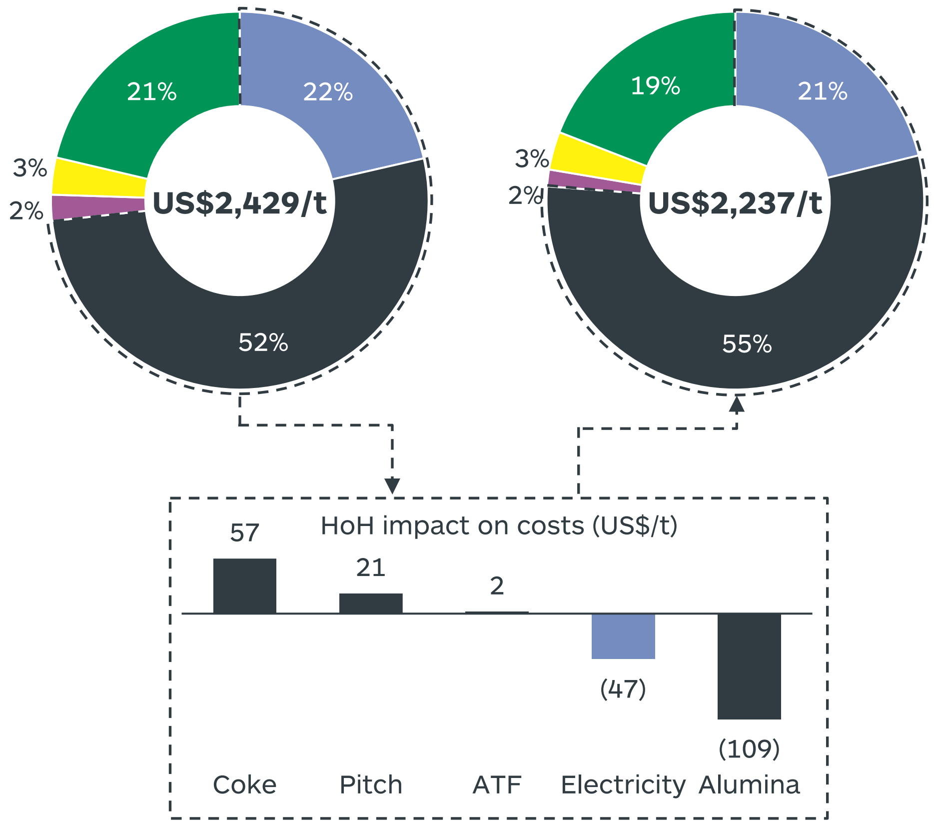


■ Foreign exchange ■ Price-linked costs (including royalties)[35] ■ Controllable costs
○ FY23 new vs. FY23 prior guidance % movement ○ ≤ 5% of prior guidance ○ >5% of prior guidance

ALUMINIUM SMELTER COST BREAKDOWN

Hillside Aluminium and Mozal Aluminium continued to test nameplate capacity, recording sequentially lower Operating unit costs in H1 FY23



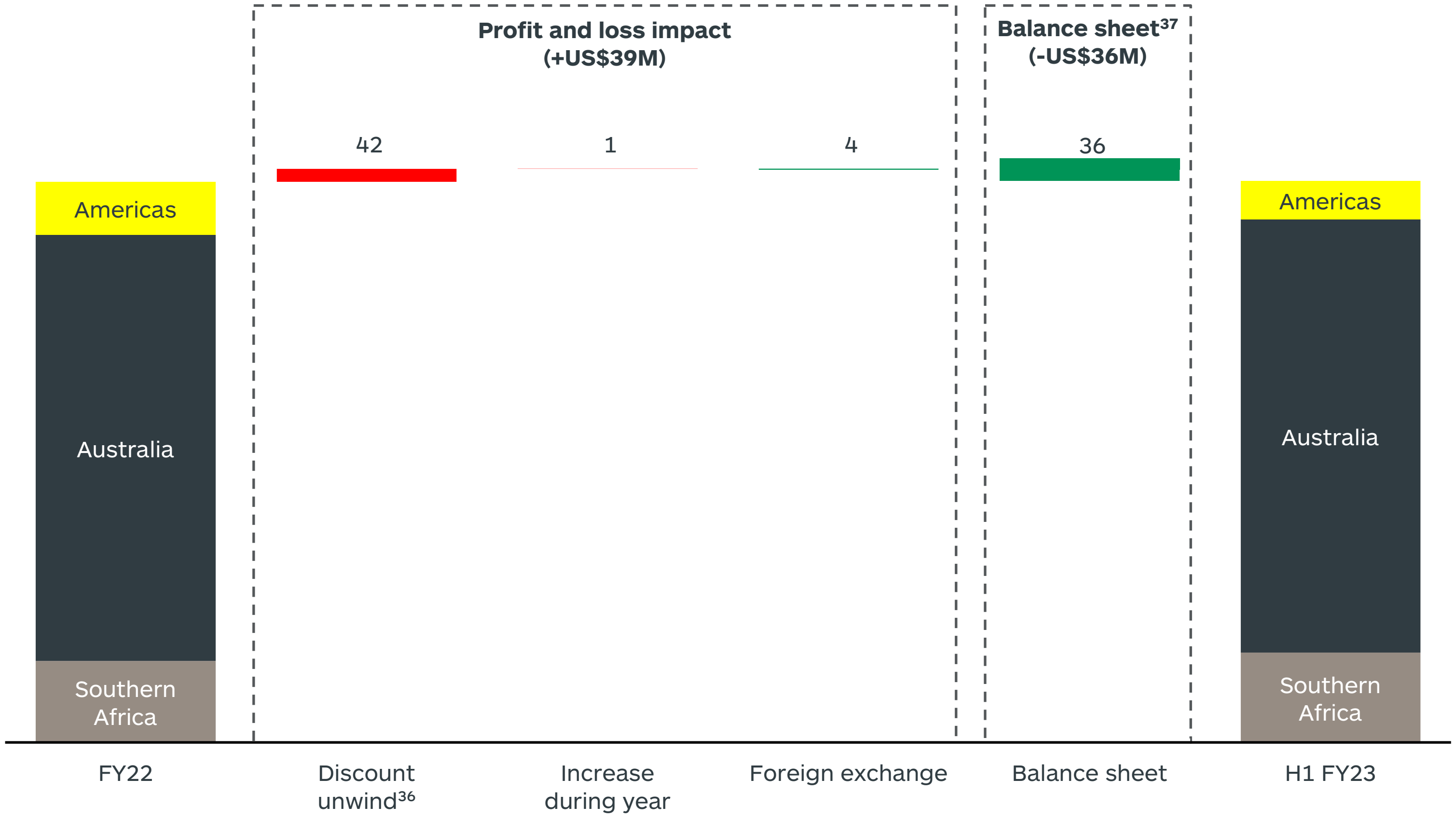


Notes:
a. Other primarily relates to inventory movements and freight.

CLOSURE & REHABILITATION PROVISIONS

Closure and rehabilitation provisions by operation (South32 share)	H1 FY23 US$M	FY22 US$M
Worsley Alumina	842	822
Brazil Alumina (non-operated)	27	28
Brazil Aluminium (non-operated)	6	6
Hillside Aluminium[(a)]	197	186
Mozal Aluminium	90	75
Cannington	320	318
Cerro Matoso	56	103
Illawarra Metallurgical Coal	217	215
Hermosa	34	33
Eagle Downs Metallurgical Coal	7	7
Total	**1,796**	**1,793**

South32 Group



Notes:
a. Includes the Bayside aluminium smelter.

UNDERLYING INCOME TAX EXPENSE

Underlying income tax expense reconciliation and Underlying effective tax rate	H1 FY23 US$M	H1 FY22 US$M
Underlying EBIT	922	1,514
Include: Underlying net finance costs	(88)	(62)
Remove: Share of (profit)/loss of EAI	(7)	-
Underlying profit before tax	**827**	**1,452**
Income tax expense	**200**	**430**
Tax effect of earnings adjustments to Underlying EBIT	1	2
Tax effect of earnings adjustments to Underlying net finance costs	(1)	(3)
Exchange rate variations on tax balances	(5)	(32)
Significant items	(23)	(26)
Sierra Gorda joint venture adjustments relating to income tax	6	–
Sierra Gorda joint venture adjustments relating to royalty related tax	4	–
Manganese joint venture adjustments relating to income tax	56	51
Manganese joint venture adjustments relating to royalty related tax	36	26
Total adjustments to derive Underlying income tax expense	**74**	**18**
Underlying income tax expense	**274**	**448**
Underlying effective tax rate (ETR)	**33.1%**	**30.9%**

UNDERLYING NET FINANCE COSTS

Underlying net finance income/(costs) reconciliation	H1 FY23 US$M	H1 FY22 US$M
Unwind of discount applied to closure and rehabilitation provisions	(51)	(39)
Interest on lease liabilities	(28)	(26)
Interest on senior unsecured notes	(15)	-
Other	6	3
Underlying net finance costs	**(88)**	**(62)**
Add back earnings adjustment for exchange rate variations on net debt	4	11
Sierra Gorda joint venture adjustments[38]	85	–
Manganese joint venture adjustments[38]	13	11
Total adjustments to derive net finance income/(costs)	**102**	**22**
Net finance income/(costs)	**14**	**(40)**

CAPITAL EXPENDITURE GUIDANCE

Capital expenditure excluding exploration and intangibles (South32 share)	H1 FY23 US$M	FY23e US$M
Worsley Alumina	24	45
Brazil Alumina	29	50
Brazil Aluminium	6	10
Hillside Aluminium	9	30
Mozal Aluminium	9	17
Cannington	32	60
Cerro Matoso	17	40
Illawarra Metallurgical Coal	106	*248*
Safe and reliable capital expenditure (excluding EAI)	**232**	***500***
Worsley Alumina	10	44
Brazil Alumina	6	19
Cerro Matoso	3	4
Illawarra Metallurgical Coal	2	3
Other operations	3	15
Improvement and life extension capital expenditure (excluding EAI)	**24**	**85**
Hermosa	96	*250*
Growth capital expenditure	**96**	***250***
Total capital expenditure (excluding EAI)	**352**	***835***
Total capital expenditure (including EAI)	**481**	***1,140***

Capital expenditure for EAI excluding exploration and intangibles (South32 share)		
Sierra Gorda	65	*165*
Australia Manganese	25	50
South Africa Manganese	7	15
Safe and reliable capital expenditure (EAI)	**97**	***230***
Sierra Gorda	21	43
Australia Manganese	7	14
South Africa Manganese	4	*18*
Improvement and life extension capital expenditure (EAI)	**32**	***75***
Total capital expenditure (EAI)	**129**	***305***

FOOTNOTES

1. Refer to market release “Dendrobium Next Domain Update” dated 23 August 2022 (market release). The information in the market release that refers to the Production Target and forecast financial information for the Appin mine at Illawarra Metallurgical Coal is based on Proved (14%) and Probable (86%) Coal Reserves from Bulli. The Coal Reserves estimates underpinning the Production Target have been prepared by M Rose (Competent Person) and reported in accordance with the JORC Code. The Coal Reserves estimates are available to view in South32’s FY22 Annual Report (http://www.south32.net) published on 9 September 2022. 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.
2. Metrics describing health, safety, environment, people and community related performance in this presentation apply to ‘operated operations’ that have been wholly owned and operated by South32, or that have been operated by South32 in a joint arrangement.
3. Total Recordable Injury Frequency (TRIF): (The sum of recordable injuries x 1,000,000) ÷ exposure hours. Total recordable illness frequency (TRILF): (The sum of recordable illnesses x 1,000,000) ÷ exposure hours. TRIF and TRILF are stated in units of per million hours worked for employees and contractors. We adopt the United States Government Occupational Safety and Health Administration guidelines for the recording and reporting of occupational injuries and illnesses.
4. Operating margin comprises Underlying EBITDA excluding third party product EBITDA, divided by Underlying revenue excluding third party product revenue.
5. Free cash flow represents cash generated from operations, including net distributions from EAIs, and after capital expenditure, net interest and income taxes paid.
6. “Women” are defined as employee headcount with a gender of “Female”.
7. Generic term meaning Africans, Coloureds and Indians who are citizens of the Republic of South Africa by birth or descent; or who become citizens of the Republic of South Africa by naturalisation before 27 April 1994 or on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date.
8. Senior Leadership Team includes Presidents and Vice Presidents reporting to members of the South32 Lead Team.
9. Operations Leadership Team is defined as all members of an Operations Lead Team. Functional membership is limited to one per function and must be site based.
10. 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. Goal is defined as an aspiration to deliver an outcome for which we have not identified a pathway for delivery, but for which efforts will be pursued towards achieving that outcome, subject to certain assumptions or conditions.
11. South Africa Manganese ore has been reported as a 54.6% interest (previously 60%) reflecting our Metalloys manganese alloy smelter (60% interest) having been placed on care and maintenance, and aligning with our interest in Hotazel Manganese Mines (HMM). South32 has a 44.4% ownership interest in HMM. 26% of HMM is owned by a B-BBEE consortium comprising Ntsimbintle Mining (9%), NCAB Resources (7%), Iziko Mining (5%) and HMM Education Trust (5%). The interests owned by NCAB Resources, Iziko Mining and HMM Education Trust were acquired using vendor finance with the loans repayable via distributions attributable to these parties, pro rata to their share in HMM. Until these loans are repaid, South32’s interest in HMM is accounted at 54.6%.
12. Other includes cost savings associated with the Metalloys manganese alloy smelter having been placed on care and maintenance offset by costs related to the closed Bayside Aluminium smelter.
13. Other primarily relates to Underlying depreciation and amortisation, Underlying other income, Underlying third party products and services, and Underlying share of profit/(loss) of non-material EAI.
14. Underlying net finance costs and Underlying income tax expense are actual H1 FY23 results, not half-on-half variances.
15. Aluminium (Aluminium LME cash index); Alumina (Platts Alumina Index (PAX) (FOB Australia)); Metallurgical coal (Platts Low-Vol Hard Coking Coal index (FOB Australia)); 44% manganese (Metal Bulletin 44% manganese lump ore index (CIF Tianjin, China)); Nickel (Nickel (LME) cash index); Copper (Copper (LME) cash index); Silver (Silver LME cash index); Lead (Lead LME cash index); and Zinc (Zinc LME cash index).
16. H1 FY22 third party product cost is US$58M for aluminium, US$20M for alumina, US$30M for coal, US$19M for manganese, US$61M for freight services and US$72M for raw materials. H1 FY23 third party product cost is US$31M for aluminium, (US$6M) for alumina, US$54M for coal, US$16M for manganese, US$59M for freight services and US$78M for raw materials.
17. Other includes the elimination of marketing purchases.
18. The Group's total cost base of US$3,223M for H1 FY23 is on an underlying basis and excludes Underlying other income and Underlying depreciation and amortisation. It includes a US$63M adjustment for Underlying other income and other accounting related adjustments to reconcile to Underlying revenue minus Underlying ETBIDA.
19. Market traded consumables and price-linked costs excludes the impact of electricity price adjustments for Hillside Aluminium and Mozal Aluminium. H1 FY23 total expenditure includes the impact of electricity price adjustments for Hillside Aluminium and Mozal Aluminium.
20. Other (H1 FY23 expenditure) includes bauxite consumption at Brazil Alumina. Other (HoH increase) includes half on half variances in raw materials and energy consumption, consumables, general and administrative, freight, pot relining and exploration expenditure.
21. Sources: LME, Baiinfo, Aladinny, AZ China, CRU, Platts, Jacobs. Calculation assumes 1t of aluminium, 1.9t alumina, 0.35t coke, 0.075t pitch and 0.02t aluminium tri-fluoride (ATF).
22. Cash, debt and equity balances are as at 31 December 2022.
23. Refer to market release “December 2022 Quarterly Report” dated 23 January 2023.
24. Refer to market release “South32 prices US$700M of Senior Notes” dated 8 April 2022.
25. Worsley Alumina lease liability for two multi fuel cogeneration units commenced in 2014 with a tenor of 32 years (incorporating a 7-year extension option).
26. EPS refers to Basic Underlying earnings per share since inception of the capital management program. Cumulative EPS is calculated as the sum of Underlying earnings over time, divided by shares outstanding with or without the share buy-back.
27. Refers to aluminium produced using renewable power.
28. Sierra Gorda’s copper equivalent production (kt) was calculated by aggregating revenues from 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, FY23e. And FY24e.
29. 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 FY21, FY22, FY23e and FY24e.

FOOTNOTES

30. FY23 prior Operating unit cost guidance includes royalties (where appropriate) and the influence of exchange rates, and includes various assumptions for FY23, including: an alumina price of US$364/t; an average blended coal price of US$265/t for Illawarra Metallurgical Coal; a manganese ore price of US$6.40/dmtu for 44% manganese product; a nickel price of US$9.94/lb; a silver price of US$22.11/troy oz; a lead price of US$2,059/t (gross of treatment and refining charges); a zinc price of US$3,480/t (gross of treatment and refining charges); a copper price of US$4.07/lb (gross of treatment and refining charges); a molybdenum price of US$16.95/lb (gross of treatment and refining charges); a gold price of US$1,860/troy oz; an AUD:USD exchange rate of 0.69; a USD:ZAR exchange rate of 16.62; a USD:COP exchange rate of 3,851; USD:CLP exchange rate of 814; and a reference price for caustic soda; which reflect forward markets as at June 2022 or our internal expectations.
31. FY23 new Operating unit cost guidance includes royalties (where appropriate) and the influence of exchange rates, and includes various assumptions for FY23, including: an alumina price of US$336/t; an average blended coal price of US$265/t for Illawarra Metallurgical Coal; a manganese ore price of US$5.20/dmtu for 44% manganese product; a nickel price of US$12.07/lb; a silver price of US$22.21/troy oz; a lead price of US$2,091/t (gross of treatment and refining charges); a zinc price of US$3,255/t (gross of treatment and refining charges); an AUD:USD exchange rate of 0.69; a USD:ZAR exchange rate of 17.19; a USD:COP exchange rate of 4,601; USD:CLP exchange rate of 854; and a reference price for caustic soda; all of which reflected forward markets as at 2 February 2023 or our internal expectations.
32. Sierra Gorda and Cannington Operating unit cost is Revenue less Underlying EBITDA divided by ore processed. Periodic movements in finished product inventory may impact Operating unit costs as related marketing costs may change.
33. FOB ore Operating unit cost is Revenue less Underlying EBITDA, freight and marketing costs, divided by ore sales volume.
34. H1 FY23 adjusted is restated to reflect price and foreign exchange rate assumptions used for FY23 prior guidance. FY23 adjusted guidance is restated to reflect price and foreign exchange rate assumptions used for FY23 new guidance.
35. Price-linked costs reflect commodity price-linked and market traded consumables costs.
36. Unwind of discount applied to closure and rehabilitation provisions.
37. Balance sheet movement (-US$36M) reflects the net impact of a US$9M increase in provisions as a result of amounts capitalised for changes in costs and estimates related to open mines, offset by a US$41M decrease in provisions associated with the capitalisation of foreign exchange impacts on restatement of closure provisions relating to open sites, and a US$4M decrease as a result of utilisation.
38. The underlying information reflects the Group's interest in material equity accounted joint ventures and is presented on a proportional consolidation basis, which is the measure used by the Group's management to assess their performance. The joint venture adjustments reconcile the proportional consolidation to the equity accounting position included in the Group's consolidated financial statements.

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

The following abbreviations have been used throughout this presentation: aluminium tri-fluoride (ATF); billion (B); cents per share (cps); dry metric tonne (dmt); Dendrobium Next Domain (DND); earnings before interest and tax (EBIT); earnings before interest, tax, depreciation and amortisation (EBITDA); electric vehicle (EV); free on board (FOB); feasibility study (FS); financial year (FY); greenhouse gas (GHG); Illawarra Metallurgical Coal (IMC); inclusion and diversity (I&D); joint venture (JV); lithium manganese iron phosphate (LMFP); lithium manganese nickel oxide (LMNO); million (M); memorandum of understanding (MOU); Mineração Rio do Norte (MRN); cobalt-free nickel-manganese (NMx); Ore Sorting and Mechanical Ore Concentration (OSMOC); pre-feasibility study (PFS); Queresas and Porvenir (Q&P); return on invested capital (ROIC); Tasmanian Electro Metallurgical Company (TEMCO); total recordable injury frequency (TRIF); total recordable illness frequency (TRILF); United States (US) and year to date (YTD).

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