APPENDIX 4D
SOUTH32 LIMITED

(ABN 84 093 732 597)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

This page and the accompanying 57 pages comprise the half year end financial information given to the Australian Securities Exchange (ASX) under Listing Rule 4.2A. This statement includes the unaudited consolidated results of the South32 Group for the half year ended 31 December 2023 (H1 FY24) compared with the half year ended 31 December 2022 (H1 FY23).

The half year report should be read in conjunction with the Financial Report for the year ended 30 June 2023. Figures in italics indicate that an adjustment has been made since the financial information was previously reported.

US$M	H1 FY24	H1 FY23	%
Underlying revenue	3,881	4,524	(14%)
Profit after tax	53	685	(92%)
Underlying earnings	40	560	(93%)

NET TANGIBLE ASSETS PER SHARE

Net tangible assets per ordinary share were US$1.99 as at 31 December 2023 (US$2.02 as at 30 June 2023)[1].

DIVIDENDS

The Board has resolved to pay an interim dividend of US 0.4 cents per share (fully-franked) for the half year ended 31 December 2023.

The record date for determining entitlements to dividends is 8 March 2024; payment date is 4 April 2024.

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FINANCIAL RESULTS AND OUTLOOK HALF YEAR ENDED 31 DECEMBER 2023

ASX / LSE / JSE Share Code: S32; ADR: SOUHY

15 February 2024

South32 announces investment in Hermosa and is well positioned for second half

“We delivered Underlying EBITDA of US$708M, as record Group aluminium production was offset by commodity price headwinds, and lower metallurgical coal volumes as we completed planned longwall moves at Illawarra Metallurgical Coal.

“We continued our rigorous focus on costs identifying further opportunities to drive efficiencies. This supported FY24 Operating unit cost guidance being lowered or held unchanged across the majority of our operations, along with lower FY24 capital expenditure guidance at our operations through capital efficiencies and the deferral of certain non-critical projects.

“Today we have taken the next step in our portfolio transformation by announcing a US$2.16 billion investment in the Taylor zinc-lead-silver deposit at our Hermosa project in Arizona, with first production expected in H2 FY27.

“This investment is a major milestone for our business, that further reshapes our portfolio towards commodities critical to a low-carbon future. Taylor is expected to deliver value for shareholders for decades to come and underpin further growth phases at our regional scale Hermosa project, establishing it as a globally significant producer of commodities critical for a low-carbon future.

“In addition, we continue to invest to unlock value across our business. We remain on track for a final investment decision for the fourth grinding line expansion at Sierra Gorda during the fourth quarter of FY24 and continue to progress more than 25 greenfield exploration options in base metals.

“Looking forward, we remain focused on driving operating performance and cost efficiencies across our business. This focus, combined with our expected 7 per cent production uplift in the second half, places us in a strong position to capture higher margins as market conditions improve."

Graham Kerr, South32 CEO

Financial Highlights			
US$M	**H1 FY24**	**H1 FY23**	**% Change**
Revenue	3,133	3,696	(15%)
Profit before tax and net finance income/(costs)	75	871	(91%)
Profit after tax	53	685	(92%)
Basic earnings per share (US cents)(2)	1.2	14.9	(92%)
Ordinary dividends per share (US cents)(3)	0.4	4.9	(92%)
Other financial measures			
Underlying revenue(4)	3,881	4,524	(14%)
Underlying EBITDA(5)	708	1,364	(48%)
Underlying EBITDA margin(6)	19.0%	31.5%	(12.5%)
Underlying EBIT(5)	236	922	(74%)
Underlying EBIT margin(7)	6.1%	21.3%	(15.2%)
Underlying earnings(5)	40	560	(93%)
Basic Underlying earnings per share (US cents)(2)	0.9	12.2	(93%)
ROIC(8)	1.3%	*12.0%*	(10.7%)
Ordinary shares on issue (million)	4,529	4,572	(1%)

SAFETY

Nothing is more important than the health, safety and well-being of our people. We continue to implement our Safety Improvement Program, a multi-year global program of work launched in FY22, designed to enhance our safety culture and achieve a step change in our safety performance. Our Safety Improvement Program includes a significant investment in safety leadership through our 'Lead Safely Every Day' program, which supports our leaders to engage their teams on our 'safety guarantee', creating a sense of chronic unease aiding a risk reduction mindset to be applied to daily activities. Our Lead Safely Every Day program continued to be deployed across our leadership teams during H1 FY24, and will be extended to our frontline workforce from H2 FY24.

We use a range of leading and lagging indicators to assess our safety performance. Our leading indicator, significant hazard frequency[9], increased to 118.0 for H1 FY24 (FY23: 91.6), indicating improved hazard awareness and a positive reporting culture. We expect the lagging indicators of total recordable injury frequency (TRIF)[10][11] and lost time injury frequency (LTIF)[10][12] to follow this positive trend over time. TRIF for H1 FY24 reduced to 5.2 (FY23: 5.9), while LTIF increased to 2.0 in H1 FY24 (FY23: 1.4).

PERFORMANCE SUMMARY

The Group's statutory profit after tax decreased by US$632M to US$53M in H1 FY24, as record Group aluminium production and lower raw material input prices, were more than offset by lower commodity prices and metallurgical coal volumes as we completed two planned longwall moves at Illawarra Metallurgical Coal. Underlying earnings decreased by US$520M to US$40M in H1 FY24. A reconciliation of statutory profit to Underlying earnings is set out on page 6.

Underlying EBITDA decreased by US$656M to US$708M, for a Group operating margin(6) of 19.0%, due to the aforementioned commodity price and volume impacts. We maintained our focus on cost management, holding increases in controllable costs to approximately 4% of the Group's cost base(13), despite broad inflationary pressures. We also realised the benefit of our portfolio improvements in copper and low-carbon aluminium(14), with Sierra Gorda contributing Underlying EBITDA of US$117M at an operating margin of 36%, and production from Brazil Aluminium more than doubled.

In H1 FY24, we completed a Group-wide review of expenditure that identified further efficiencies and options to defer non-critical projects. This has supported FY24 Operating unit cost guidance being lowered or maintained across the majority of our operations, and a 6% reduction in FY24 Group safe and reliable and improvement capital expenditure.

Looking forward, our expected production uplift of 7%(15) in H2 FY24 and continued focus on driving cost efficiencies, places us in a strong position to capture higher margins as market conditions improve.

Free cash flow from operations, including distributions from our manganese and Sierra Gorda equity accounted investments (EAIs), decreased by US$544M to an outflow of US$417M. This reflected our continued investment in productivity, improvement and growth projects, and a temporary build in our high value aluminium inventory as third-party port congestion impacted the timing of shipments. Looking forward, we expect to reduce our aluminium inventory position in H2 FY24, adding to the Group's cash generation.

We returned US$180M to shareholders during H1 FY24, paying a US$145M fully-franked ordinary dividend in respect of H2 FY23 and returning US$35M via our on-market share buy-back. We have today announced a fully-franked ordinary dividend of US$18M (US 0.4 cents per share) in respect of H1 FY24, consistent with our policy to distribute a minimum 40% of Underlying earnings as ordinary dividends in each six month period.

We continue to prioritise a strong balance sheet and investment grade credit rating through all cycles, finishing the period with net debt of US$1.1B. Our current investment grade credit ratings were re-affirmed in H1 FY24 and we retain access to significant liquidity, having successfully extended our undrawn sustainability-linked revolving credit facility.

To manage our financial position and ensure we retain the right balance of flexibility, efficiency and prudence, we have taken the decision to cancel our on-market share buy-back, which was due to expire on 1 March 2024(16). Consistent with our unchanged capital management framework and in the context of our financial position, we will continue to assess opportunities to return excess cash to shareholders in the most efficient and value accretive manner.

We have today announced(17) the next step in our portfolio transformation, approving a final investment decision to develop the Taylor zinc-lead-silver deposit at our Hermosa project in Arizona, USA. With first production expected in H2 FY27, Taylor has the potential to be one of the world's largest, lowest cost zinc producers and deliver value for our shareholders for decades to come.

Specific highlights for H1 FY24 included:

- Delivered record half-year Group aluminium production, and increased zinc and nickel production by 20% in Q2 FY24;
- Finalised new industrial agreements at Illawarra Metallurgical Coal and Cannington;
- Completed a Group-wide review of costs to deliver further efficiencies and reduce expenditure;
- FY24 production guidance is unchanged and we expect to deliver a 7%(15) increase in production volumes in H2 FY24;
- FY24 Operating unit cost guidance has been lowered or maintained across the majority of our operations;
- Invested US$188M at Hermosa as we installed critical path infrastructure and progressed study work and federal permitting for our Taylor and Clark deposits;
- Progressed the feasibility study for the fourth grinding line expansion at Sierra Gorda, ahead of a planned final investment decision in Q4 FY24;
- Continued our investment in greenfield exploration to discover our next generation of base metal mines, spending US$19M in targeted prospective regions; and
- Progressed decarbonisation programs to support our target(18) to reduce operational greenhouse gas (GHG) emissions by 50% by 2035, completing the conversion of Worsley Alumina's first coal-fired boiler to natural gas.

Subsequent to the end of the period:

- Announced final investment approval for the Taylor deposit at our Hermosa project, a major milestone aligned with our strategy to reshape our portfolio toward commodities that are critical for a low-carbon future; and
- Entered into a binding agreement to divest our 50% interest in the Eagle Downs metallurgical coal project to a subsidiary of Stanmore Resources Limited, for upfront consideration of US$15 million, a contingent payment of US$20 million, subject to the Eagle Downs project reaching metallurgical coal production of 100,000 tonnes, and a price-linked royalty of up to US$100 million. The transaction is expected to be completed in the 2024 calendar year subject to the satisfaction of conditions precedent including approval from Australia's Foreign Investment Review Board and certain joint venture consents.

EARNINGS RECONCILIATION

The Group's statutory profit after tax decreased by US$632M to US$53M in H1 FY24, while Underlying earnings decreased by US$520M to US$40M.

Consistent with our accounting policies, various items are excluded from the Group's statutory profit/(loss) to derive Underlying earnings. Total adjustments to derive Underlying EBIT (US$161M), shown in the table below, include:

- Sierra Gorda (+US$47M) and manganese (+US$71M) joint venture adjustments: adjustments to reconcile the statutory equity accounting position to a proportional consolidation basis; and
- Net impairment loss of financial assets (+US$48M): periodic revaluation of the shareholder loan receivable from Sierra Gorda reflecting copper prices and other macroeconomic assumptions. An offsetting amount is recorded in the Sierra Gorda joint venture adjustments noted above.

Further information on these earnings adjustments is included on page 42.

Group Underlying revenue declined by 14% (or US$643M) as lower realised prices (-US$396M), together with lower sales volumes at Illawarra Metallurgical Coal (-US$267M) due to planned longwall moves, more than offset higher volumes from Brazil Aluminium, Cannington, Australia Manganese and Worsley Alumina (+US$148M). Group Underlying EBITDA decreased by US$656M (or 48%) to US$708M for an operating margin(6) of 19%. The Group's costs remained well controlled, with controllable cost increases held to approximately 4% of the Group's cost base(13) (-US$131M) despite broad inflationary pressures, and we benefited from a reduction in raw material input prices and other price-linked costs (+US$231M).

The Group's Underlying EBIT decreased by US$686M (or 74%) to US$236M, as Underlying depreciation and amortisation increased by US$30M (or 7%) to US$472M, reflecting our continued investment in projects to improve productivity and grow future volumes.

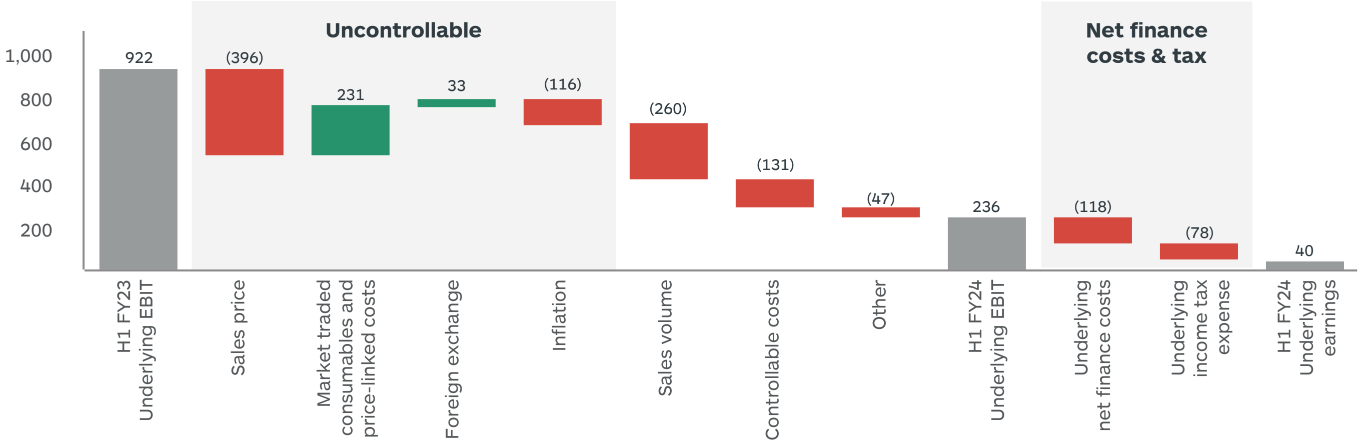
Profit to Underlying EBITDA reconciliation		
US$M	**H1 FY24**	**H1 FY23**
Profit before tax and net finance income/(costs)	**75**	**871**
Adjustments to derive Underlying EBIT:		
Significant items	–	(138)
Sierra Gorda joint venture adjustments	47	(57)
Manganese joint venture adjustments	71	101
Exchange rate (gains)/losses on the restatement of monetary items	13	(48)
Net impairment loss/(reversal) of financial assets	48	214
Net impairment loss/(reversal) of non-financial assets	–	(4)
Gains on non-trading derivative instruments, contingent consideration and other investments measured at fair value through profit and loss	(18)	(17)
Total adjustments to derive Underlying EBIT	**161**	**51**
Underlying EBIT	**236**	**922**
Underlying depreciation and amortisation	472	442
Underlying EBITDA	**708**	**1,364**

Profit/(loss) to Underlying earnings reconciliation		
US$M	**H1 FY24**	**H1 FY23**
Profit after tax	53	685
Total adjustments to derive Underlying EBIT	161	51
Total adjustments to derive Underlying net finance costs	(109)	(102)
Total adjustments to derive Underlying income and royalty related tax expense	(65)	(74)
Underlying earnings	**40**	**560**

EARNINGS ANALYSIS

The following key factors influenced Underlying EBIT in H1 FY24, relative to H1 FY23.

Reconciliation of movements in Underlying EBIT (US$M)[(5)(19)(20)(21)]



Earnings Analysis	US$M	Commentary
H1 FY23 Underlying EBIT	**922**	
Change in sales price	(396)	Lower average realised prices for our commodities, including: Aluminium (-US$136M) and alumina (-US$33M) Nickel (-US$121M) Manganese (-US$102M) Energy coal (-US$22M) Partially offset by higher average realised prices for silver (+US$15M) and copper (+US$8M)
Net impact of price-linked costs	231	Lower caustic soda prices at Worsley Alumina (+US$54M) and Brazil Alumina (+US$11M) Lower aluminium smelter raw material input prices (+US$60M), including pitch and coke Lower price-linked royalties (+US$30M) Lower coal, fuel oil and diesel prices (+US$28M) Lower freight and distribution costs (+US$25M) Lower electricity prices at Illawarra Metallurgical and Brazil Aluminium, partially offset by higher gas prices at Cannington (+US$13M)
Change in exchange rates	33	Weaker South African rand (+US$42M) and Australian dollar (+US$28M) Partially offset by a stronger Colombian peso (-US$16M), Brazilian real (-US$12M) and Chilean peso (-US$9M)
Change in inflation	(116)	Inflation-linked indexation of our Southern African aluminium smelter electricity prices (-US$27M) General inflation across Australia (-US$43M), South America (-US$29M) and Southern Africa (-US$17M)
Change in sales volume	(260)	Lower volumes, mostly at Illawarra Metallurgical Coal (-US$267M) as well as Sierra Gorda (-US$44M), Cerro Matoso (-US$36M) and Mozal Aluminium (-US$32M) Partially offset by higher volumes at Brazil Aluminium (+US$50M), Cannington (+US$44M), Australia Manganese (+US$34M) and Worsley Alumina (+US$20M)
Controllable costs	(131)	Inventory and volume related movements (-US$102M) including a planned drawdown of finished goods at Australia Manganese to support higher sales volumes Higher contractor and maintenance costs (-US$39M) including at Illawarra Metallurgical Coal to support the two completed longwall moves and at Australia Manganese to deliver planned mining activity A planned workforce payment at Sierra Gorda (-US$20M), following the finalisation of a new, three-year industrial agreement Partially offset by lower energy costs at Sierra Gorda (+US$20M), following the transition to cost efficient, 100% renewable energy supply
Other	(47)	Higher Group depreciation and amortisation, and our share of the loss from Mineração Rio do Norte (MRN) due to lower bauxite prices
H1 FY24 Underlying EBIT	**236**	

Net finance income/(costs)

The Group's H1 FY24 Underlying net finance costs of US$118M primarily comprise the unwinding of the discount applied to our closure and rehabilitation provisions (US$76M), interest on lease liabilities (US$28M) largely for our multi-fuel co-generation facility at Worsley Alumina, and interest on our US$700M of senior unsecured notes (US$16M) issued in H2 FY22 to partly fund the Sierra Gorda acquisition.

Underlying net finance costs reconciliation		
US$M	**H1 FY24**	**H1 FY23**
Unwind of discount applied to closure and rehabilitation provisions	(76)	(51)
Interest on lease liabilities	(28)	(28)
Interest on senior unsecured notes	(16)	(15)
Other	2	6
Underlying net finance costs	**(118)**	**(88)**
Add back earnings adjustment for exchange rate variations on net debt	(1)	4
Sierra Gorda joint venture adjustments[22]	91	85
Manganese joint venture adjustments[22]	19	13
Total adjustments to derive Underlying net finance costs	**109**	**102**
Net finance income/(costs)	**(9)**	**14**

Tax expense

The Group's Underlying income tax expense, which includes our material EAIs, decreased by US$196M to US$78M in H1 FY24, for an Underlying effective tax rate (ETR)[23] of 60.5% (FY23: 36.1%). While this largely reflected the corporate taxes of the jurisdictions in which we operate[24] and our geographical earnings mix, the Underlying ETR was elevated as permanent differences, together with losses incurred at Mozal Aluminium[25], had a disproportionate effect when combined with compressed profit margins.

The Underlying ETR for our manganese business was 81.3% in H1 FY24, reflecting royalty related tax at Australia Manganese[26] and the derecognition of certain deferred tax assets. The Underlying ETR for our Sierra Gorda EAI was 33.0% in H1 FY24, including royalty related tax[27], and a one-off benefit due to the recognition of deferred tax assets.

During the period, the Colombian Constitutional Court annulled a recent tax law amendment that made royalty payments non-deductible for tax purposes from 1 January 2023. As a result of the Court's ruling, we have recognised a receivable of US$39M in relation to the expected refund of prior tax paid, also reducing our H1 FY24 income tax expense.

The Group's cash tax paid in H1 FY24, excluding EAIs, decreased by US$251M to US$96M as cash tax normalised following one-off portfolio related payments in the prior period.

Underlying income tax expense reconciliation and Underlying ETR		
US$M	**H1 FY24**	**H1 FY23**
Underlying EBIT	236	922
Include: Underlying net finance costs	(118)	(88)
Remove: Share of (profit)/loss of EAIs	11	(7)
Underlying profit before tax	**129**	**827**
Income tax expense	**13**	**200**
Tax effect of earnings adjustments to Underlying EBIT	4	1
Tax effect of earnings adjustments to Underlying net finance costs	1	(1)
Exchange rate variations on tax balances	20	(5)
Significant items	–	(23)
Sierra Gorda joint venture adjustment relating to income tax[22]	(6)	6
Sierra Gorda joint venture adjustment relating to royalty related tax[22]	1	4
Manganese joint venture adjustment relating to income tax[22]	24	56
Manganese joint venture adjustment relating to royalty related tax[22]	21	36
Total adjustments to derive Underlying income tax expense	**65**	**74**
Underlying income tax expense	**78**	**274**
Underlying effective tax rate	**60.5%**	**33.1%**

CASH FLOW

Group free cash flow from operations declined by US$544M to an outflow of US$477M, due to lower profitability, an increase in capital expenditure for productivity, improvement and growth projects (-US$168M), and a build in working capital in the period (-US$276M).

Separately, we received net distributions[28] of US$42M from our manganese EAI in H1 FY24 (H1 FY23: US$60M), following the payment of income tax (US$34M, 100% basis), and royalties at Australia Manganese (US$45M, 100% basis). We also received US$18M from our Sierra Gorda EAI (H1 FY23: nil), as the operation invested in the plant de-bottlenecking project and the feasibility study for the fourth grinding line expansion project, designed to unlock future copper volumes.

The increase in working capital in the period reflected an increase in receivables due to the timing of sales, and a further increase in our high value aluminium inventory position as Brazil Aluminium continued to ramp up and three aluminium shipments slipped to January 2024 due to port congestion at Richards Bay. We expect to drawdown our aluminium inventory during H2 FY24 as port congestion eases.

Free cash flow from operations excluding EAIs		
US$M	**H1 FY24**	**H1 FY23**
Profit from operations	75	871
Non-cash or non-operating items	421	377
Share of (profit)/loss from EAIs	9	(241)
Change in working capital	(276)	(152)
Cash generated from operations	**229**	**855**
Total capital expenditure, excluding EAIs, including intangibles and capitalised exploration	(584)	(416)
Operating cash flows generated from operations after capital expenditure	**(355)**	**439**
Net interest paid[29]	(26)	(25)
Income tax paid	(96)	(347)
Free cash flow from operations	**(477)**	**67**

Working capital movement		
US$M	**H1 FY24**	**Commentary**
Trade and other receivables	(88)	Timing of shipments weighted toward the end of the period
Inventories	(84)	Continued ramp up of Brazil Aluminium, and temporary shipping delays at Hillside Aluminium due to port congestion at Richards Bay
Trade and other payables	(84)	Timing of raw material purchases
Provisions and other liabilities	(20)	
Total working capital movement	**(276)**	

Capital expenditure

The Group's capital expenditure[30], excluding EAIs, increased by US$168M to US$584M in H1 FY24 as we continued our investment in productivity, improvement and growth projects:

- Safe and reliable capital expenditure increased by US$103M to US$335M, reflecting elevated capital expenditure at Illawarra Metallurgical Coal as we transition Appin to a more efficient single longwall configuration from FY25[31], and install additional ventilation capacity to enable mining in Appin's Area 7 until at least 2039[31];
- Improvement and life extension capital expenditure increased by US$16M to US$40M as we advanced decarbonisation projects at Worsley Alumina and the De-bottlenecking Phase Two project at Brazil Alumina;
- Growth capital expenditure increased by US$92M to US$188M at Hermosa, as we constructed critical path infrastructure and advanced studies for the Taylor zinc-lead-silver and Clark battery-grade manganese deposits; and
- Intangibles and capitalised exploration expenditure was US$21M, as we completed multiple exploration programs across our portfolio focused on base metals.

Our share of capital expenditure for our material EAIs increased by US$39M to US$170M in H1 FY24:

- Capital expenditure for our manganese EAIs increased by US$22M to US$66M, as Australia Manganese progressed construction of the Eastern Lease South life extension project, and South Africa Manganese continued work to access new mining areas and improve rail efficiencies; and
- Capital expenditure for our Sierra Gorda EAI increased by US$17M to US$104M, as the operation continued its investment in deferred stripping, additional tailings storage infrastructure and the plant de-bottlenecking project, together with the feasibility study for the fourth grinding line expansion project.

Capital expenditure (South32 share)[21][30]		
US$M	**H1 FY24**	**H1 FY23**
Safe and reliable capital expenditure	(335)	(232)
Improvement and life extension capital expenditure	(40)	(24)
Growth capital expenditure	(188)	(96)
Intangibles and the capitalisation of exploration expenditure	(21)	(64)[a]
Total capital expenditure (excluding EAIs)	**(584)**	**(416)**
EAIs capital expenditure	(170)	(131)
Total capital expenditure (including EAIs)	**(754)**	**(547)**

(a) Included a US$43M payment to the National Mining Agency of Colombia as part of the 15-year extension of Cerro Matoso's mining contract to 2044.

BALANCE SHEET, DIVIDENDS AND CAPITAL MANAGEMENT

The Group finished the period with net debt of US$1,091M, due to lower profitability, higher investment in our business to improve productivity and grow future volumes, and a temporary build in working capital. We also returned US$180M to shareholders during H1 FY24, paying a US$145M fully-franked ordinary dividend in respect of H2 FY23, and a further US$35M via our on-market share buy-back.

We continue to prioritise a strong balance sheet and investment grade credit rating through all cycles. Our current BBB+/Baa1 credit ratings were re-affirmed by S&P Global Ratings and Moody's, respectively, during H1 FY24. We also retain access to significant liquidity, having successfully extended our undrawn sustainability-linked revolving credit facility of US$1.4B to December 2027 and US$1.3B to December 2028.

To manage our financial position and ensure we retain the right balance of flexibility, efficiency and prudence, we have taken the decision to cancel our on-market share buy-back, which was due to expire on 1 March 2024[16]. Consistent with our unchanged capital management framework and in the context of our financial position, we will continue to assess opportunities to return excess cash to shareholders in the most efficient and value accretive manner.

Net debt		
US$M	**H1 FY24**	**FY23**
Cash and cash equivalents	702	1,258
Lease liabilities	(682)	(674)
Other interest bearing liabilities	(1,111)	(1,067)
Net debt	**(1,091)**	**(483)**

Our unchanged capital management framework supports investment in our business and is designed to reward shareholders as our financial performance improves. Consistent with our policy to distribute a minimum 40% of Underlying earnings as ordinary dividends, the Board has resolved to pay a fully-franked interim ordinary dividend of US 0.4 cents per share (US$18M) in respect of H1 FY24, representing 45% of Underlying earnings.

Dividends announced				
Period	**Dividend per share (US cents)**	**US$M**	**Franking**	**Pay-out ratio**
H1 FY22	8.7	405	100%	40%
H2 FY22	14.0	648	100%	41%
August 2022 special dividend	3.0	139	100%	N/A
H1 FY23	4.9	224	100%	40%
H2 FY23	3.2	145	100%	41%
H1 FY24	0.4	18	100%	45%

South32 shareholders registered on the South African branch register will not be able to dematerialise or rematerialise their shareholdings between 6 and 8 March 2024 (both dates inclusive), nor will transfers to/from the South African branch register be permitted between 29 February and 8 March 2024 (both dates inclusive).

Details of the currency exchange rates applicable for the dividend will be announced to the relevant stock exchanges. Further dividend information is available on our website (www.south32.net).

South32 American Depositary Receipts (ADRs) each represent five fully paid ordinary shares in South32 and ADR holders will receive dividends accordingly, subject to the terms of the Depositary Agreement.

Dividend timetable	**Date**
Announce currency conversion into rand	1 March 2024
Last day to trade cum dividend on the Johannesburg Stock Exchange (JSE)	5 March 2024
Ex-dividend date on the JSE	6 March 2024
Ex-dividend date on the ASX and London Stock Exchange (LSE)	7 March 2024
Record date (including currency election date for ASX)	8 March 2024
Payment date	4 April 2024

OUTLOOK

PRODUCTION

We expect to deliver a 7%[15] increase in Group payable copper equivalent production in H2 FY24 following the completion of planned longwall moves at Illawarra Metallurgical Coal in H1 FY24, the continued ramp up of the Brazil Aluminium smelter, and sequentially higher base metals volumes from Sierra Gorda and Cerro Matoso.

Looking forward, we expect Group payable copper equivalent production growth of 3%[32] in FY25, as we continue to realise the benefit of our portfolio improvements in copper and low-carbon aluminium[14].

Production guidance (South32 share)[21]	FY23	H1 FY24	FY24e[a]	FY25e[a]	Key guidance assumptions
Worsley Alumina					**Guidance unchanged**
Alumina production (kt)	3,839	1,934	4,000	4,000	Planned calciner maintenance completed in Q1 FY24 and scheduled for Q3 FY24
Brazil Alumina (non-operated)					**Guidance unchanged**
Alumina production (kt)	1,262	640	1,300	1,350	Additional maintenance reflected in guidance, following third-party power outages in H1 FY24
Brazil Aluminium (non-operated)					**Guidance unchanged**
Aluminium production (kt)	69	50	100	130	Expected to increase by 45% in FY24 and 30% in FY25, as the smelter ramps up toward nameplate capacity (179ktpa, 40% basis) in H2 FY26
Hillside Aluminium[33]					**Guidance unchanged (subject to load-shedding)**
Aluminium production (kt)	719	359	720	720	Expected to test its maximum technical capacity
Mozal Aluminium[33]					**Guidance unchanged (subject to load-shedding)**
Aluminium production (kt)	345	166	320	372	Expected to progressively increase the number of pots in operation across CY24
Sierra Gorda (non-operated)					
Ore processed (Mt)	21.2	10.9	21.8	21.8	**Guidance unchanged**
Payable copper equivalent production (kt)[34]	86.5	38.6	78.7	91.8	Expected to continue to benefit from the plant de-bottlenecking project, together with higher planned copper grades in H2 FY24 and FY25
Payable copper production (kt)	70.7	31.6	67.0	71.0	
Payable molybdenum production (kt)	1.2	0.5	0.8	2.2	Molybdenum plant performance and recoveries expected to improve from Q4 FY24
Payable gold production (koz)	28.8	13.4	22.5	25.0	
Payable silver production (koz)	630	295	550	550	
Cannington					
Ore processed (kdmt)	2,156	1,139	2,300	2,400	**Guidance unchanged**
Payable zinc equivalent production (kt)[35]	259.6	147.2	287.2	275.8	Improved plant throughput and higher planned silver and lead grades expected in FY24
Payable silver production (koz)	11,183	6,704	12,500	12,000	
Payable lead production (kt)	101.7	58.8	115.0	110.0	Further increase in plant throughput in FY25, offset by lower planned metal grades
Payable zinc production (kt)	59.2	29.0	62.0	60.0	
Cerro Matoso					**Guidance unchanged**
Ore processed (kdmt)	2,807	1,317	2,700	2,750	Ore Sorting and Mechanical Ore Concentration (OSMOC) project expected to partially offset natural grade decline
Payable nickel production (kt)	40.8	18.3	40.5	35.0	
Illawarra Metallurgical Coal					
Total coal production (kt)	6,520	2,045	5,000	5,500	**Guidance unchanged**
Metallurgical coal production (kt)	5,497	1,787	4,400	4,700	Volumes remain weighted to H2 FY24 due to the timing and duration of planned longwall moves
Energy coal production (kt)	1,023	258	600	800	
Australia Manganese					**Guidance unchanged (subject to wet season)**
Manganese ore production (kwmt)	3,545	1,679	3,400	3,400	Expected to continue strong primary output and return the PC02 circuit to nameplate in Q4 FY24
South Africa Manganese					**Guidance unchanged (subject to demand)**
Manganese ore production (kwmt)	2,108	1,111	2,000	Subject to demand	We expect to continue to use higher cost trucking to optimise sales volumes FY25 guidance is subject to market demand

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

COSTS AND CAPITAL EXPENDITURE

Operating unit costs guidance

H1 FY24 Operating unit costs were in line with or below prior guidance for the majority of our operations, as we continued our focus on delivering cost efficiencies and realised the benefit of lower raw material input prices.

In H1 FY24, we completed a Group-wide review focused on reducing our expenditure in FY24 and FY25. The review identified further cost efficiencies with respect to labour, contractors and consumables, that are expected to support a reduction in Operating unit costs and mitigate inflationary pressures.

FY24 Operating unit cost guidance has been lowered or maintained across the majority of our operations, reflecting these cost efficiencies, and lower raw material input prices in our aluminium value chain.

While Operating unit cost guidance is not provided for our aluminium smelters, their cost profile will continue to be influenced by producer currencies, and the price of raw material inputs and energy.

Operating unit cost[36]					
	H1 FY23	**H1 FY24**	**FY24 prior guidance[a]**	**FY24 new guidance[b]**	**H1 FY24 to H1 FY23 commentary FY24e[c] new guidance to FY24 prior guidance commentary**
Worsley Alumina					
(US$/t)	288	258	290	270	**H1 FY24:** decreased by 10%, with lower caustic soda prices **FY24e guidance lowered by 7%**, with lower caustic prices
Brazil Alumina (non-operated)					
(US$/t)	364	325	Not provided	Not provided	**H1 FY24:** decreased by 11%, with lower caustic soda, energy and bauxite prices **H2 FY24e:** Expected to benefit from a further reduction in raw material input prices
Brazil Aluminium (non-operated)					
(US$/t)	5,876	4,025	Not provided	Not provided	**H1 FY24:** decreased by 32%, with higher volumes, and lower raw material input and energy prices **H2 FY24e:** Expected to benefit from higher volumes in H2 FY24 as the smelter continues to ramp up
Hillside Aluminium					
(US$/t)	2,276	2,135	Not provided	Not provided	**H1 FY24:** decreased by 6%, with lower raw material input prices and a weaker South African rand, partially offset by higher energy prices **H2 FY24e:** Will continue to be influenced by the price of raw material inputs, the South African rand and inflation-linked energy costs
Mozal Aluminium					
(US$/t)	2,237	2,461	Not provided	Not provided	**H1 FY24:** increased by 10%, due to lower volumes and higher maintenance costs **H2 FY24e:** Expected to remain elevated, with the number of pots in operation to progressively increase across CY24

Operating unit cost[36]	H1 FY23	H1 FY24	FY24 prior guidance[(a)]	FY24 new guidance[(b)]	H1 FY24 to H1 FY23 commentary FY24e[(c)] new guidance to FY24 prior guidance commentary
Sierra Gorda (non-operated)					
(US$/t)[(d)]	16.6	18.8	16.0	17.0	**H1 FY24:** increased by 13%, with the benefit of cost efficient, 100% renewable electricity, more than offset by a planned workforce payment following a new three-year industrial agreement **FY24e guidance increased by 6%**, with sequentially lower costs in H2 FY24
Cannington					
(US$/t)[(d)]	136	150	155	155	**H1 FY24:** increased by 10%, with higher planned contractor and energy costs **FY24e guidance is unchanged**
Cerro Matoso					
(US$/lb)	4.93	5.57	5.30	5.20	**H1 FY24:** increased by 13%, with a stronger Colombian peso and lower H1 FY24 volumes **FY24e guidance lowered by 2%,** with further cost efficiencies and higher volumes expected in H2 FY24
Illawarra Metallurgical Coal					
(US$/t)	124	167	140	150	**H1 FY24:** increased by 35%, due to the volume impact of the two planned longwall moves **FY24e guidance increased by 7%**, due to higher price-linked royalties
Australia Manganese					
(US$/dmtu, FOB)	1.76	2.15	2.15	2.15	**H1 FY24:** increased by 22%, due to increased mining activity and contractor costs to deliver planned volumes **FY24e guidance is unchanged**
South Africa Manganese					
(US$/dmtu, FOB)	2.67	2.59	2.60	2.60	**H1 FY24:** decreased by 3%, with higher volumes, a weaker South African rand and lower price-linked royalties **FY24e guidance is unchanged**

(a) FY24 prior guidance Operating unit cost guidance includes royalties (where appropriate) and commodity price and foreign exchange rate forward curves or our internal expectations (refer to page 30 footnote 37).
(b) FY24 new guidance Operating unit cost guidance includes royalties (where appropriate) and commodity price and foreign exchange rate forward curves or our internal expectations (refer to page 30 footnote 38.
(c) The denotation (e) refers to an estimate or forecast year.
(d) US dollar per tonne of ore processed. Periodic movements in finished product inventory may impact Operating unit costs.

Capital expenditure guidance (excluding exploration and intangibles)

FY24 Group safe and reliable and improvement and life extension capital expenditure guidance (including EAIs) has been revised down by US$60M (or 6%) to US$970M, following the Group-wide review, which identified further capital efficiencies and resulted in the deferral of certain non-critical projects.

FY24 guidance for growth capital expenditure at our Hermosa project has been set at US$390M, following final investment approval to develop the Taylor zinc-lead-silver deposit. We expect to invest ~US$200M in H2 FY24 as we construct critical path infrastructure for Taylor, advance the Clark battery-grade manganese deposit, and continue work across the broader project. Capitalised exploration at Hermosa is expected to be ~US$25M in FY24, as we continue exploration programs at our Peake copper-lead-zinc-silver prospect and our Flux zinc-lead-silver prospect[39].

Capital expenditure excluding exploration and intangibles (South32 share)[21]		
US$M	**H1 FY24**	**FY24e[a]**
Worsley Alumina	34	*70*
Brazil Alumina	38	60
Brazil Aluminium	4	10
Hillside Aluminium	24	*40*
Mozal Aluminium	11	20
Cannington	23	40
Cerro Matoso	21	*35*
Illawarra Metallurgical Coal	180	*310*
Safe and reliable capital expenditure (excluding EAIs)	**335**	***585***
Worsley Alumina	24	45
Brazil Alumina	13	20
Other operations	3	*5*
Improvement and life extension capital expenditure (excluding EAIs)	**40**	***70***
Hermosa	188	*390*
Growth capital expenditure	**188**	***390***
Total capital expenditure (excluding EAIs)	**563**	***1,045***
Total capital expenditure (including EAIs)	**727**	***1,360***

Capital expenditure for EAIs excluding exploration and intangibles (South32 share)[21]		
US$M	**H1 FY24**	**FY24e[a]**
Sierra Gorda	83	*160*
Australia Manganese	24	55
South Africa Manganese	20	30
Safe and reliable capital expenditure (EAIs)	**127**	***245***
Sierra Gorda	15	30
Australia Manganese	16	*30*
South Africa Manganese	6	10
Improvement and life extension capital expenditure (EAIs)	**37**	***70***
Total capital expenditure (EAIs)	**164**	***315***

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

Exploration and intangibles guidance

FY24 Group capitalised exploration (including EAIs) has been revised to US$45M (previously US$40M), as we continue base metals exploration programs across our portfolio, including an expanded drilling program at Sierra Gorda's Catabela Northeast copper porphyry exploration prospect.

Capitalised exploration (South32 share)[21]		
US$M	**H1 FY24**	**FY24e[(a)]**
Capitalised exploration (excluding EAIs)	21	35
EAIs capitalised exploration	6	*10*
Capitalised exploration (including EAIs)	**27**	***45***

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

Other expenditure guidance

Other expenditure items presented below are on a proportional consolidation basis including our manganese and Sierra Gorda EAIs.

Other expenditure guidance			
	H1 FY24	**FY24e[(a)]**	**Commentary**
Group and unallocated expense in Underlying EBIT (excluding greenfield exploration and third party products and services EBIT)			
(US$M)	39	100	**Guidance unchanged** H1 FY24 included non-core royalty receipts of US$5M
Underlying depreciation and amortisation			
(US$M)	472	930	**Guidance unchanged**
Underlying net finance costs			
(US$M)	118	↑ *220*	**Guidance revised to US$220M (from US$200M)** Reflects balance sheet position as at H1 FY24
Greenfield exploration			
(US$M)	19	30	**Guidance unchanged** Greenfield exploration activity targeting base metals in the Americas, Australia and Europe, subject to the timing of programs

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

OPERATIONS ANALYSIS

A summary of the underlying performance of the Group's operations is presented below and a more detailed analysis is presented on pages 18 to 28. Unless otherwise stated: all metrics reflect South32's share; Operating unit cost is Underlying revenue less Underlying EBITDA excluding third party products and services divided by sales volumes; Operating cost is Underlying revenue less Underlying EBITDA excluding third party products and services; and Realised sales price is calculated as Underlying revenue excluding third party products and services divided by sales volume.

Operations table (South32 share)[21]				
	Underlying revenue		Underlying EBIT	
US$M	H1 FY24	H1 FY23	H1 FY24	H1 FY23
Worsley Alumina	653	659	68	33
Brazil Alumina	234	247	(9)	(19)
Brazil Aluminium	91	47	(74)	(70)
Hillside Aluminium	758	861	27	62
Mozal Aluminium	397	482	(48)	65
Sierra Gorda	322	357	49	107
Cannington	318	272	109	82
Hermosa	–	–	(9)	(9)
Cerro Matoso	238	395	(14)	154
Illawarra Metallurgical Coal	520	801	111	340
Australia Manganese	318	355	67	149
South Africa Manganese	152	175	3	25
Third party products and services[40]	262	249	14	12
Inter-segment / Group and unallocated	(382)	(376)	(58)	(9)
South32 Group	**3,881**	**4,524**	**236**	**922**

WORSLEY ALUMINA

(86% SHARE)

Volumes

Worsley Alumina saleable production increased by 1% (or 12kt) to 1,934kt in H1 FY24. FY24 production guidance remains unchanged at 4,000kt, with the refinery expected to operate at nameplate production rates (4.6Mtpa, 100% basis) following planned calciner maintenance in Q3 FY24.

We continue to progress regulatory approvals for new mining areas, with primary environmental approvals for our Worsley Mine Development project expected in H1 FY25. While not currently expected to impact production guidance, we continue to manage the delays experienced with respect to new mining approvals.

Operating costs

Operating unit costs decreased by 10%, to US$258/t in H1 FY24, as the refinery benefited from lower caustic soda prices (H1 FY24: US$460/t, H1 FY23: US$714/t) and a weaker Australian dollar.

We have revised FY24 Operating unit cost guidance to US$270/t (previously US$290/t), reflecting lower caustic soda prices. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 30, footnote 38.

Financial performance

Underlying EBIT increased by 106% (or US$35M), to US$68M in H1 FY24, as higher sales volumes (+US$13M), lower caustic soda prices (+US$54M) and a weaker Australian dollar (+US$9M), more than offset a 3% decrease in the average realised price of alumina (-US$19M) and a drawdown of inventory (-US$22M).

Capital expenditure

Safe and reliable capital expenditure increased by US$10M to US$34M in H1 FY24 as we invested in infrastructure to enable access to new mining areas, and additional bauxite residue disposal capacity. FY24 safe and reliable expenditure guidance has been revised to US$70M (previously US$85M) as we target further capital efficiencies.

Improvement and life extension capital expenditure increased by US$14M to US$24M in H1 FY24 and is expected to be US$45M in FY24 as we advance decarbonisation projects at the refinery. We completed the conversion of the first coal-fired boiler to natural gas in H1 FY24 and expect to complete the second in H2 FY24, improving the refinery's energy security and supporting the transition to lower carbon[41] energy.

South32 share	H1 FY24	H1 FY23
Alumina production (kt)	1,934	1,922
Alumina sales (kt)	1,898	1,861
Realised alumina sales price (US$/t)	344	354
Operating unit cost (US$/t)	258	288

South32 share (US$M)	H1 FY24	H1 FY23
Underlying revenue	653	659
Underlying EBITDA	164	123
Underlying EBIT	68	33
Net operating assets[(a)]	2,485	2,457
Capital expenditure	58	34
Safe and reliable	34	24
Improvement and life extension	24	10

(a) H1 FY23 reflects the balance as at 30 June 2023.

BRAZIL ALUMINA

(36% SHARE)

Volumes

Brazil Alumina saleable production decreased by 7% (or 51kt) to 640kt in H1 FY24, as the refinery was impacted by third-party power outages and unplanned maintenance. FY24 and FY25 production guidance is set at 1,300kt and 1,350kt, respectively, reflecting these impacts and additional maintenance in FY25.

Operating costs

Operating unit costs decreased by 11%, to US$325/t in H1 FY24, as lower caustic soda prices (H1 FY24: US$541/t, H1 FY23: US$728/t), coal-linked energy prices, and bauxite costs from MRN linked to alumina and aluminium prices on a trailing basis, more than offset lower volumes due to the third-party power outages.

While Operating unit cost guidance is not provided for this non-operated facility, we expect Operating unit costs in H2 FY24 to benefit from a further reduction in raw material input prices.

Financial performance

Underlying EBIT increased by US$10M, to a loss of US$9M in H1 FY24, as lower prices for caustic soda (+US$11M), energy (+US$20M) and bauxite (+US$10M), more than offset lower sales volumes (-US$11M).

Our share of earnings from MRN was a loss of US$9M in H1 FY24 (H1 FY23: +US7M), due to lower bauxite prices.

Capital expenditure

Safe and reliable capital expenditure increased by US$9M to US$38M in H1 FY24 and is expected to be US$60M in FY24 as we continue our investment in additional bauxite residue disposal capacity.

Improvement and life extension capital expenditure increased by US$7M to US$13M in H1 FY24 and is expected to be US$20M in FY24 as the refinery progresses work on the De-bottlenecking Phase Two project. The project is on track to be completed in H1 FY26, and is expected to increase nameplate capacity by ~4% to ~4.0Mt (100% basis).

South32 share	H1 FY24	H1 FY23
Alumina production (kt)	640	691
Alumina sales (kt)	647	678
Realised sales price (US$/t)	362	364
Operating unit cost (US$/t)[(a)]	325	364

South32 share (US$M)	H1 FY24	H1 FY23
Underlying revenue	234	247
Underlying EBITDA	15	7
Underlying EBIT	(9)	(19)
Net operating assets[(b)]	788	738
Capital expenditure	51	35
Safe and reliable	38	29
Improvement and life extension	13	6

(a) Excludes the profit/(loss) from our equity interest in MRN.
(b) H1 FY23 reflects the balance as at 30 June 2023.

BRAZIL ALUMINIUM

(40% SHARE)

Volumes

Brazil Aluminium saleable production increased by 26kt to 50kt in H1 FY24 as the smelter continued to ramp up all three potlines. Production is expected to be 100kt in FY24 and increase a further 30% to 130kt in FY25. Nameplate capacity (179ktpa, 40% basis) remains on track to be achieved during H2 FY26.

Operating costs

Operating unit costs decreased by 32%, to US$4,025/t in H1 FY24, with the benefit of higher volumes as the smelter continued to ramp up, lower alumina and smelter raw material input (including coke and pitch) and energy prices.

While Operating unit cost guidance is not provided for this non-operated facility, we expect Operating unit costs in H2 FY24 to benefit from a further increase in volumes as the smelter continues to ramp up.

Financial performance

Underlying EBIT was largely unchanged at a loss of US$74M in H1 FY24, as higher sales volumes (+US$50M), combined with lower smelter raw material input prices (+US$12M) and energy costs (+US$6M), was more than offset by a 6% decline in the average realised price of aluminium (-US$6M) and production and inventory related costs (-US$68M) ahead of the smelter's ramp up to nameplate capacity.

Capital expenditure

Safe and reliable capital expenditure was US$4M in H1 FY24 and is expected to be US$10M in FY24.

South32 share	H1 FY24	H1 FY23
Aluminium production (kt)	50	24
Aluminium sales (kt)	40	19
Realised sales price (US$/t)	2,275	2,423
Operating unit cost (US$/t)	4,025	5,876

South32 share (US$M)	H1 FY24	H1 FY23
Underlying revenue	91	47
Underlying EBITDA	(70)	(67)
Underlying EBIT	(74)	(70)
Net operating assets[(a)]	70	28
Capital expenditure	4	6
Safe and reliable	4	6
Improvement and life extension	–	–

(a) H1 FY23 reflects the balance as at 30 June 2023.

HILLSIDE ALUMINIUM

(100% SHARE)

Volumes

Hillside Aluminium saleable production decreased by 1% (or 3kt) to 359kt in H1 FY24 as the smelter continued to test its maximum technical capacity, despite the impact of elevated load-shedding. FY24 production guidance remains unchanged at 720kt[33].

Operating costs

Operating unit costs decreased by 6%, to US$2,135/t in H1 FY24, as lower alumina and smelter raw material input prices (including coke, pitch and aluminium tri-fluoride) and a weaker South African rand, more than offset inflation-linked indexation of energy costs.

While Operating unit cost guidance is not provided, the cost profile of the smelter will continue to be heavily influenced by the price of raw material inputs, including alumina supplied by our Worsley Alumina refinery, and other external factors including the South African rand and inflation-linked indexation of energy costs.

The smelter's electricity is supplied by Eskom under a contract to 2031, with a tariff that is South African rand based and a rate of escalation linked to the South Africa Producer Price Index. We continue to work with Eskom and other stakeholders in the South African energy sector on pathways to secure lower carbon[41] electricity supply.

Financial performance

Underlying EBIT decreased by 56% (or US$35M), to US$27M in H1 FY24, as lower smelter raw material input prices (+US$54M) and a weaker South African rand (+US$24M), was more than offset by a 9% reduction in the average realised price of aluminium (-US$77M), higher energy prices (-US$14M), and lower sales volumes (-US$26M) as port congestion at Richards Bay impacted the timing of shipments.

Capital expenditure

Capital expenditure increased by US$15M to US$25M in H1 FY24 as the smelter invested in upgrades to its pot tending assemblies. FY24 capital expenditure guidance has been revised to US$43M (previously US$38M) to reflect this activity.

South32 share	H1 FY24	H1 FY23
Aluminium production (kt)	359	362
Aluminium sales (kt)	327	337
Realised sales price (US$/t)	2,318	2,555
Operating unit cost (US$/t)	2,135	2,276

South32 share (US$M)	H1 FY24	H1 FY23
Underlying revenue	758	861
Underlying EBITDA	60	94
Underlying EBIT	27	62
Net operating assets[a]	854	845
Capital expenditure	25	10
Safe and reliable	24	9
Improvement and life extension	1	1

(a) H1 FY23 reflects the balance as at 30 June 2023.

MOZAL ALUMINIUM

(63.7% SHARE)

Volumes

Mozal Aluminium saleable production decreased by 9% (or 16kt) to 166kt in H1 FY24, as the smelter continued to implement its recovery plan following the fatal safety incident in H1 FY23, while managing the impact of elevated load-shedding.

FY24 production guidance is set at 320kt[33], reflecting the lower number of pots currently in operation, as we complete additional work to deliver improved process stability and complete upgrades to the girder infrastructure. The number of pots in operation is expected to progressively increase over CY24, with FY25 production guidance currently set at 372kt[33].

Operating costs

Operating unit costs increased by 10%, to US$2,461/t in H1 FY24, as lower prices for alumina and smelter raw material inputs prices (including, coke, pitch and aluminium tri-fluoride) and a weaker South African rand, was more than offset by lower volumes, higher maintenance costs and the inflation-linked indexation of energy costs.

The cost profile of the smelter will continue to be heavily influenced by the price of raw material inputs, including alumina supplied by our Worsley Alumina refinery, and other external factors including the South African rand and inflation-linked indexation of energy costs. While guidance is not provided, we expect Operating unit costs to remain elevated in H2 FY24 as the number of pots in operation is progressively increased.

Electricity supplied to Mozal is generated by Hidroeléctrica de Cahora Bassa (HCB), a hydro-electric power generator situated in the north-west of Mozambique. The electricity is supplied via Eskom's South African grid under an agreement with MOTRACO, a transmission joint venture between Eskom and the national electricity utilities of Mozambique and Eswatini.

The current power supply agreement for Mozal expires in 2026. We continue to work with Eskom and the Government of the Republic of Mozambique to extend the smelter's hydro-electric power supply beyond 2026, as there are currently no viable alternative suppliers of renewable energy at the required scale.

Financial performance

Underlying EBIT decreased by US$113M, to a loss of US$48M in H1 FY24, as lower alumina and smelter raw material input prices (+US$30M) and a weaker South African rand (+US$9M), was more than offset by a 13% decrease in the average realised aluminium price (-US$53M), lower sales volumes (-US$32M) and higher energy prices (-US$18M). Maintenance costs also increased with the girder refurbishment program (-US$7M), and we recorded an inventory adjustment due to higher production costs in the period (-US$16M).

Capital expenditure

Capital expenditure was US$11M in H1 FY24 and is expected to be US$21M in FY24 as we continue our investment in plant upgrades.

South32 share	H1 FY24	H1 FY23
Aluminium production (kt)	166	182
Aluminium sales (kt)	167	177
Realised sales price (US$/t)	2,377	2,723
Operating unit cost (US$/t)	2,461	2,237

South32 share (US$M)	H1 FY24	H1 FY23
Underlying revenue	397	482
Underlying EBITDA	(14)	86
Underlying EBIT	(48)	65
Net operating assets[a]	540	578
Capital expenditure	11	9
Safe and reliable	11	9
Improvement and life extension	–	–

(a) H1 FY23 reflects the balance as at 30 June 2023.

SIERRA GORDA

(45% SHARE)

Volumes

Sierra Gorda payable copper equivalent production[34] decreased by 14% (or 6.2kt) to 38.6kt in H1 FY24, as higher plant throughput delivered by the plant de-bottlenecking project, was more than offset by lower planned copper grades, and a temporary outage of the molybdenum plant.

FY24 production guidance has been set at 78.7kt payable copper equivalent production[34] (copper 67.0kt, molybdenum 0.8kt, gold 22.5koz and silver 550koz), with molybdenum output expected to improve from Q4 FY24.

Production is expected to increase by 17% to 91.8kt in FY25 (copper 71.0kt, molybdenum 2.2kt, gold 25.0koz and silver 550koz), with higher planned copper grades in accordance with the mine plan, and higher molybdenum production.

Operating costs

Operating unit costs increased by 13%, to US$18.8/t ore processed in H1 FY24, as the benefit of the transition to cost efficient, 100% renewable energy, was more than offset by a planned workforce payment following the finalisation of a new three-year industrial agreement, and higher maintenance costs.

FY24 Operating unit costs have been revised to US$17.0/t ore processed (previously US$16.0/t), reflecting sequentially lower Operating unit costs following the workforce payment in H1 FY24. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 30, footnote 38.

Financial performance

Underlying EBIT decreased by 54%, (or US$58M) to US$49M in H1 FY24, as higher average realised metal prices (+US$9M) and the transition to lower cost, 100% renewable electricity (+US$20M), was more than offset by lower sales volumes (-US$44M), the one-off workforce payment (-US$20M), a stronger Chilean peso (-US$9M) and higher maintenance costs (-US$6M).

Capital expenditure

Safe and reliable capital expenditure increased by US$18M to US$83M in H1 FY24. We have revised FY24 guidance to US$160M (previously US$180M) to reflect expected deferred stripping activity and the timing of investment in additional tailings storage capacity.

Improvement and life extension capital expenditure was US$15M in H1 FY24 and is expected to be US$30M in FY24 as the operation continues the de-bottlenecking project and completes the feasibility study for the fourth grinding line expansion. The fourth grinding line has the potential to deliver a ~18% increase in plant throughput to ~57Mtpa to 58Mtpa (100% basis), with a final investment decision expected in Q4 FY24.

South32 share	H1 FY24	H1 FY23
Ore mined (Mt)	11.9	15.4
Ore processed (Mt)	10.9	10.7
Ore grade processed (%, Cu)	0.37	0.45
Payable copper equivalent production (kt)[34]	38.6	44.8
Payable copper production (kt)	31.6	37.9
Payable molybdenum production (kt)	0.5	0.4
Payable gold production (koz)	13.4	15.3
Payable silver production (koz)	295	338
Payable copper sales (kt)	32.5	38.4
Payable molybdenum sales (kt)	0.7	0.8
Payable gold sales (koz)	13.8	15.4
Payable silver sales (koz)	300	345
Realised copper sales price (US$/lb)	3.56	3.41
Realised molybdenum sales price (US$/lb)	20.82	20.78
Realised gold sales price (US$/oz)	1,957	1,688
Realised silver sales price (US$/oz)	23.3	17.4
Operating unit cost (US$/t ore processed)[42]	18.8	16.6

South32 share (US$M)	H1 FY24	H1 FY23
Underlying revenue	322	357
Underlying EBITDA	117	179
Underlying EBIT	49	107
Net operating assets[a]	1,591	1,588
Capital expenditure	98	86
Safe and reliable	83	65
Improvement and life extension	15	21
Exploration expenditure	6	3
Exploration expensed	—	2

(a) H1 FY23 reflects the balance as at 30 June 2023.

CANNINGTON

(100% SHARE)

Volumes

Cannington payable zinc equivalent production[35] increased by 13% to 147.2kt in H1 FY24, as we mined a sequence of higher-grade stopes in Q2 FY24.

In January 2024, the operation experienced severe wet weather following Tropical Cyclone Kirrily. While we continue to monitor the impact on the operation, and regional logistics chains due to widespread flooding, FY24 production guidance is currently unchanged at 287.2kt payable zinc equivalent production[35] (silver 12,500koz, lead 115.0kt and zinc 62.0kt).

Operating costs

Operating unit costs increased by 10%, to US$150/t in H1 FY24, as the benefit of a weaker Australian dollar was more than offset by higher local gas prices and additional contractor costs to support a planned increase in underground mining activity.

FY24 Operating unit cost guidance remains unchanged at US$155/t ore processed. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 30, footnote 38.

Financial performance

Underlying EBIT increased by 33% (or US$27M), to US$109M in H1 FY24, with higher sales volumes (+US$44M) as a result of higher average metal grades, partially offset by higher local gas prices (-US$7M) and contractor costs (-US$4M).

Capital expenditure

Capital expenditure decreased by US$10M to US$23M in H1 FY24, following the transition to 100% truck haulage in the prior period, and is expected to be US$40M in FY24.

South32 share	H1 FY24	H1 FY23
Ore mined (kwmt)	1,150	1,123
Ore processed (kdmt)	1,139	1,142
Ore grade processed (g/t, Ag)	211	175
Ore grade processed (%, Pb)	6.0	5.5
Ore grade processed (%, Zn)	3.4	3.6
Payable zinc equivalent production (kt)[35]	147.2	130.8
Payable silver production (koz)	6,704	5,474
Payable lead production (kt)	58.8	52.4
Payable zinc production (kt)	29.0	30.4
Payable silver sales (koz)	6,529	5,083
Payable lead sales (kt)	56.6	51.3
Payable zinc sales (kt)	28.3	27.5
Realised silver sales price (US$/oz)	22.5	20.1
Realised lead sales price (US$/t)	1,979	2,008
Realised zinc sales price (US$/t)	2,085	2,436
Operating unit cost (US$/t ore processed)[42]	150	136

South32 share (US$M)	H1 FY24	H1 FY23
Underlying revenue	318	272
Underlying EBITDA	147	117
Underlying EBIT	109	82
Net operating assets[a]	183	172
Capital expenditure	23	33
Safe and reliable	23	32
Improvement and life extension	–	1
Exploration expenditure	5	3
Exploration expensed	3	3

(a) H1 FY23 reflects the balance as at 30 June 2023.

CERRO MATOSO

(99.9% SHARE)

Volumes

Cerro Matoso payable nickel production decreased by 10% to 18.3kt in H1 FY24, while production improved by 20% (or 1.7kt) in Q2 FY24 following planned maintenance and a temporary reduction in third-party gas supply.

FY24 production guidance remains unchanged at 40.5kt, with the OSMOC project expected to support higher nickel grades in H2 FY24.

Operating costs

Operating unit costs increased by 13%, to US$5.57/lb in H1 FY24, due to a stronger Colombian peso and lower first half volumes.

We have revised FY24 Operating unit cost guidance to US$5.20/lb (previously US$5.30/lb), reflecting lower contractor and consumables costs as we target further cost efficiencies. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 30, footnote 38.

Financial performance

Underlying EBIT decreased by US$168M, to a loss of US$14M in H1 FY24, due to a 34% decline in the average realised nickel price (-US$121M) as structural challenges in the nickel market placed pressure on nickel prices and discounts for our ferronickel product. This significant price impact together with lower sales volumes (-US$36M) and a stronger Colombian peso (-US$16M), more than offset maintenance efficiencies (+US$6M) and lower price-linked royalties (+US$6M).

Capital expenditure

Safe and reliable capital expenditure increased by US$4M to US$21M in H1 FY24. FY24 guidance has been revised to US$35M (previously US$45M) as we defer certain non-critical projects, in response to the current challenging nickel market conditions.

As previously announced, we have commenced a strategic review of Cerro Matoso to evaluate options to enhance the operation's competitive position.

South32 share	H1 FY24	H1 FY23
Ore mined (kwmt)	2,183	2,752
Ore processed (kdmt)	1,317	1,392
Ore grade processed (%, Ni)	1.55	1.64
Payable nickel production (kt)	18.3	20.4
Payable nickel sales (kt)	18.0	19.8
Realised nickel sales price (US$/lb)[43]	6.00	9.05
Operating unit cost (US$/lb)	5.57	4.93

South32 share (US$M)	H1 FY24	H1 FY23
Underlying revenue	238	395
Underlying EBITDA	17	180
Underlying EBIT	(14)	154
Net operating assets[a]	368	363
Capital expenditure	21	20
Safe and reliable	21	17
Improvement and life extension	–	3
Exploration expenditure	1	–
Exploration expensed	1	–

(a) H1 FY23 reflects the balance as at 30 June 2023.

ILLAWARRA METALLURGICAL COAL

(100% SHARE)

Volumes

Illawarra Metallurgical Coal saleable production decreased by 39% (or 1,286kt) to 2,045kt in H1 FY24, as the operation completed two longwall moves, including a planned extended outage at the Dendrobium mine. A new four-year industrial agreement covering deputies at the Appin mine was finalised in Q2 FY24.

FY24 production guidance is unchanged at 5.0Mt with volumes remaining weighted to H2 FY24, reflecting the shorter duration of the two remaining longwall moves to be completed during Q4 FY24.

Operating costs

Operating unit costs increased by 35%, to US$167/t in H1 FY24, as the volume impact of the two planned longwall moves completed in Q2 FY24, more than offset the benefit of a weaker Australian dollar, lower price-linked royalties and local electricity prices.

We have revised our FY24 Operating unit cost guidance to US$150/t (previously US$140/t), due to higher price-linked royalties, with Operating unit costs to be sequentially lower in H2 FY24, benefitting from higher planned production volumes. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 30, footnote 38.

Financial performance

Underlying EBIT decreased by 67% (or US$229M), to US$111M in H1 FY24, as the volume impact of the two planned longwall moves (-US$267M) more than offset lower price-linked royalties (+US$21M), lower electricity prices (+US$13M), and a weaker Australian dollar (+US$9M).

Capital expenditure

Capital expenditure increased by US$73M to US$181M in H1 FY24 as we continued to invest in Appin's transition to a more efficient single longwall configuration from H2 FY25, and additional ventilation capacity to enable mining in the current Area 7 until at least 2039[31]. We expect to invest US$311M in FY24 (previously US$323M) as we progress these significant investments.

Our ~US$260M investment in additional ventilation capacity is expected to be completed in FY26, with ~US$90M expected to be spent in both FY24 and FY25.

South32 share	H1 FY24	H1 FY23
Metallurgical coal production (kt)	1,787	2,753
Energy coal production (kt)	258	578
Metallurgical coal sales (kt)	1,759	2,678
Energy coal sales (kt)	337	507
Realised metallurgical coal sales price (US$/t)	276	268
Realised energy coal sales price (US$/t)	101	164
Operating unit cost (US$/t)	167	124

South32 share (US$M)	H1 FY24	H1 FY23
Underlying revenue[44]	520	801
Underlying EBITDA	171	407
Underlying EBIT	111	340
Net operating assets[a]	896	769
Capital expenditure	181	108
Safe and reliable	180	106
Improvement and life extension	1	2
Exploration expenditure	7	8
Exploration expensed	3	4

(a) H1 FY23 reflects the balance as at 30 June 2023.

AUSTRALIA MANGANESE

(60% SHARE)

Volumes

Australia Manganese saleable production decreased by 9% (or 165kwmt) to 1,679kwmt in H1 FY24, as PC02 production declined due to lower yields, contributing 7% of total production (H1 FY23: 10%).

FY24 production guidance remains unchanged at 3,400kwmt as the operation continues its strong primary output and is expected to return the PC02 circuit to nameplate production rates during Q4 FY24.

Operating costs

Operating unit costs increased by 22%, to US$2.15/dmtu in H1 FY24, in line with prior FY24 guidance, as a weaker Australian dollar was offset by additional planned mining activity and contractor costs to deliver planned volumes.

FY24 Operating unit cost guidance remains unchanged at US$2.15/dmtu. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 30, footnote 38.

Financial performance

Underlying EBIT decreased by 55% (or US$82M), to US$67M in H1 FY24, as a 17% decline in average realised ore prices (-US$71M) and additional contractor and labour costs (-US$11M), more than offset higher sales volumes (+US$34M) following a planned drawdown of finished goods (-US$28M), lower diesel prices (+US$5M) and a weaker Australian dollar (+US$4M).

Capital expenditure

Safe and reliable capital expenditure was US$24M in H1 FY24 and is expected to be US$55M in FY24 as we continue our investment in additional mobile fleet and mining equipment.

Improvement and life extension capital expenditure increased by US$9M to US$16M in H1 FY24 and is expected to be US$30M in FY24 as we invest in the Eastern Lease South life extension project, which remains on track to deliver first production in FY25.

The Eastern Lease South Project is expected to sustain production to at least FY28[45], with further work underway across our existing operating footprint and in the Southern Areas to potentially extend the operation's life into the next decade.

South32 share	H1 FY24	H1 FY23
Manganese ore production (kwmt)	1,679	1,844
Manganese ore sales (kwmt)	1,864	1,652
Realised external manganese ore sales price (US$/dmtu, FOB)[46][47]	3.79	4.57
Ore operating unit cost (US$/dmtu, FOB)[47][48]	2.15	1.76

South32 share (US$M)	H1 FY24	H1 FY23
Underlying revenue	318	355
Underlying EBITDA	125	197
Underlying EBIT	67	149
Net operating assets[a]	212	239
Capital expenditure	40	32
Safe and reliable	24	25
Improvement and life extension	16	7
Exploration expenditure	–	1
Exploration expensed	–	–

(a) H1 FY23 reflects the balance as at 30 June 2023.

SOUTH AFRICA MANGANESE

(ORE 54.6% SHARE, ALLOY 60% SHARE)

Volumes

South Africa Manganese saleable production increased by 2% (or 18kwmt) to 1,111kwmt in H1 FY24 as the operation achieved record production in Q1 FY24 and completed a planned maintenance shut at the Mamatwan mine in Q2 FY24.

FY24 production guidance remains unchanged at 2,000kwmt, subject to our continued use of higher cost trucking to optimise sales volumes of our premium products.

Operating costs

Operating unit costs decreased by 3% to US$2.59/dmtu in H1 FY24, in line with prior guidance, as the benefit of higher volumes, a weaker South African rand and lower price-linked royalties, more than offset higher in-land logistics costs.

FY24 Operating unit costs remain unchanged at US$2.60/dmtu. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 30, footnote 38.

Financial performance

Ore Underlying EBIT decreased by 77% (or US$20M), to US$6M in H1 FY24, as the benefit of higher sales volumes (+US$8M), a weaker South African rand (+US$8M) and lower price-linked royalties (+US$4M), was more than offset by a 15% decline in average realised manganese ore prices (-US$31M) and higher in-land logistics costs (-US$6M).

Capital expenditure

Safe and reliable capital expenditure increased by US$13M to US$20M in H1 FY24 and is expected to be US$30M in FY24 as we upgrade our rail infrastructure to improve efficiencies.

Improvement and life extension capital expenditure was US$6M in H1 FY24 and is expected to be US$10M in FY24 as we advance work to access new mining areas at our high-grade underground Wessels mine.

South32 share[(a)]	H1 FY24	H1 FY23
Manganese ore production (kwmt)	1,111	1,093
Manganese ore sales (kwmt)	1,082	1,032
Realised external manganese ore sales price (US$/dmtu, FOB)[(46)(49)]	3.03	3.57
Ore operating unit cost (US$/dmtu, FOB)[(48)(49)]	2.59	2.67

South32 share (US$M)[(a)]	H1 FY24	H1 FY23
Underlying revenue	152	175
Manganese ore	152	175
Manganese alloy	–	–
Underlying EBITDA	14	35
Manganese ore	17	36
Manganese alloy	(3)	(1)
Underlying EBIT	3	25
Manganese ore	6	26
Manganese alloy	(3)	(1)
Net operating assets/(liabilities)[(b)]	159	143
Manganese ore	224	195
Manganese alloy	(65)	(52)
Capital expenditure	26	11
Safe and reliable	20	7
Improvement and life extension	6	4
Exploration expenditure	–	1
Exploration expensed	–	1

(a) The Metalloys manganese alloy smelter remains on care and maintenance.

(b) H1 FY23 reflects the balance as at 30 June 2023.

NOTES

(1) Net tangible assets as at 31 December 2023 includes all right-of-use assets and lease liabilities, in accordance with AASB 16 Leases.

(2) H1 FY24 basic earnings per share is calculated as Profit after tax divided by the weighted average number of shares for H1 FY24 (4,523 million). H1 FY24 basic Underlying earnings per share is calculated as Underlying earnings divided by the weighted average number of shares for H1 FY24. H1 FY23 basic earnings per share is calculated as Profit after tax divided by the weighted average number of shares for H1 FY23 (4,596 million). H1 FY23 basic Underlying earnings per share is calculated as Underlying earnings divided by the weighted average number of shares for H1 FY23.

(3) H1 FY24 ordinary dividends per share is calculated as H1 FY24 ordinary dividend announced (US$18M) divided by the number of shares on issue at 31 December 2023 (4,529 million).

(4) Underlying revenue includes revenue from third party products and services.

(5) The underlying information reflects the Group's interest in material equity accounted joint ventures and is presented on a proportional consolidation basis. Underlying EBIT is profit before net finance income/(costs), tax and any earnings adjustments, including impairments. Underlying EBITDA is Underlying EBIT before Underlying depreciation and amortisation. Underlying earnings is Profit after tax and earnings adjustment items. Underlying earnings is the key measure that South32 uses to assess the performance of the South32 Group, make decisions on the allocation of resources and assess senior management's performance. In addition, the performance of each of the South32 operations and operational management is assessed based on Underlying EBIT. In order to calculate Underlying earnings, Underlying EBIT and Underlying EBITDA, the following items are adjusted as applicable each period, irrespective of materiality:

- Exchange rate (gains)/losses on restatement of monetary items;
- Impairment losses/(reversals);
- Net (gains)/losses on disposal and consolidation of interests in operations;
- (Gains)/losses on non-trading derivative instruments, contingent consideration and other investments measured at fair value through profit or loss;
- Major corporate restructures;
- Joint venture adjustments;
- Exchange rate variations on net cash/(debt);
- Tax effect of earnings adjustments; and
- Exchange rate variations on tax balances

In addition, items that do not reflect the underlying operations of South32, and are individually, or in combination with other related earnings adjustments, significant to the financial statements, are excluded to determine Underlying earnings. When applicable, significant items are detailed in the Financial Information.

(6) Comprises Underlying EBITDA excluding third party products and services EBITDA, divided by Underlying revenue excluding third party products and services revenue. Also referred to as operating margin.

(7) Comprises Underlying EBIT excluding third party products and services EBIT, divided by Underlying revenue excluding third party products and services revenue.

(8) Return on invested capital (ROIC) is a key measure that South32 uses to assess performance. ROIC is calculated as Underlying EBIT less the discount on rehabilitation provisions included in Underlying net finance costs, tax effected by the Group's Underlying effective tax rate (ETR) including our material equity accounted investments on a proportional consolidation basis, divided by the sum of fixed assets (excluding any rehabilitation assets, the impact of any impairments or impairment reversals, and unproductive capital) and inventories.

(9) Significant hazards frequency: (The sum of significant hazards x 1,000,000) ÷ exposure hours. This is stated in units of per million hours worked for employees and contractors. A significant hazard is something that has the potential to cause harm, ill health or injury, or damage to property, plant or the environment.

(10) To ensure that incident classification definitions are applied uniformly across our workforce, we have adopted the United States Government Occupational Safety and Health Administration (OSHA) and the International Council on Mining and Metals (ICMM) guidelines for the recording and reporting of occupational injuries and illnesses.

(11) Total Recordable Injury Frequency (TRIF): (The sum of recordable injuries x 1,000,000) ÷ exposure hours. This is stated in units of per million hours worked for employees and contractors.

(12) Lost Time Injury Frequency (LTIF): (The sum of lost time injuries x 1,000,000) ÷ exposure hours. This is stated in units of per million hours worked for employees and contractors.

(13) Calculated by taking the increase in controllable costs from H1 FY23 to H1 FY24 divided by the Group's underlying H1 FY23 cost base excluding third party product costs.

(14) Refers to aluminium produced using renewable power.

(15) Group payable copper equivalent production in H2 FY24e, compared to H1 FY24, calculated by applying FY23 realised prices for all operations.

(16) US$98M was remaining to be returned under our current capital management program. Since inception, US$1.7B has been returned via the on-market share buy-back (795M shares at an average price of A$3.05 per share) and US$525M returned in the form of special dividends.

(17) Refer to market release "Final Investment Approval to Develop Hermosa's Taylor Deposit" dated 15 February 2024.

(18) 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.

(19) Sales price variance reflects the revenue impact of changes in commodity prices, based on the current period's sales volume. Price-linked costs variance reflects the change in royalties together with the change in input costs driven by changes in commodity prices or market traded consumables. Foreign exchange reflects the impact of exchange rate movements on local currency denominated costs and sales. Sales volume variance reflects the revenue impact of sales volume changes, based on the comparative period's sales prices. Controllable costs variance represents the impact from changes in the Group's controllable local currency cost base, including the variable cost impact of production volume changes on expenditure, and period-on-period movements in inventories. The controllable cost variance excludes earnings adjustments including significant items.

(20) Underlying net finance costs and Underlying income tax expense are actual H1 FY24 results, not half-on-half variances.

(21) South32's ownership shares of operations are presented as follows: Worsley Alumina (86% share), Brazil Alumina (36% share), Brazil Aluminium (40% share), Hillside Aluminium (100%), Mozal Aluminium (63.7% share), Sierra Gorda (45% share), Cannington (100%), Hermosa (100%), Cerro Matoso (99.9% share), Illawarra Metallurgical Coal (100%), Australia Manganese (60% share), South Africa Manganese ore (54.6% share) and South Africa Manganese alloy (60% share).

(22) 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.

(23) Underlying ETR is Underlying income tax expense, including royalty related tax, divided by Underlying profit subject to tax.

(24) 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%.

(25) Mozal Aluminium is subject to a royalty on revenues instead of income tax which is included in Operating costs.

(26) Australia Manganese is subject to a royalty related tax equal to 20% of adjusted EBIT which is included in Underlying tax expense.

(27) 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 Underlying tax expense.

(28) H1 FY24 net distributions from our material equity accounted joint ventures comprises of dividends (US$76M), a net drawdown of shareholder loans (US$34M) from manganese and a distribution (US$18M) from Sierra Gorda. The distribution from Sierra Gorda comprised a repayment of US$18M of accrued interest.

(29) Net interest paid excludes distributions from material equity accounted investments.

(30) Total capital expenditure comprises Capital expenditure, capitalised exploration and evaluation expenditure and the purchase of intangibles. Capital expenditure comprises safe and reliable capital expenditure, improvement and life extension capital expenditure (including decarbonisation), and growth capital expenditure.

(31) The information in this announcement that relates to the Production Target for Illawarra Metallurgical Coal is based on 21% Proved and 79% Probable Coal Reserves from Bulli (Appin) and was originally disclosed in "September 2023 Quarterly Report" dated 23 October 2023. The Coal Reserves estimates underpinning the Production Target have been prepared by Competent Persons and reported in accordance with the JORC Code. The Coal Resources and Coal Reserves estimates are available to view in South32's FY23 Annual Report published on 8 September 2023 and is available to view on www.south32.net. South32 confirms that all the material assumptions underpinning the Production Target in the initial public report continue to apply and have not materially changed. 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.

(32) Group payable copper equivalent production in FY25e, compared to FY24e, calculated by applying FY23 realised prices for all operations. FY25e assumes South Africa Manganese production of 2,000kwmt, which is subject to market conditions and our continued use of higher cost trucking.

(33) Production guidance for Hillside Aluminium and Mozal Aluminium does not assume any load-shedding impact on production.

(34) Payable 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. FY23 realised prices for copper (US$3.51/lb), molybdenum (US$21.28/lb), gold (US$1,821/oz) and silver (US$21.9/oz) have been used for FY23, H1 FY24, FY24e and FY25e.

(35) Payable zinc equivalent (kt) was calculated by aggregating revenues from payable silver, lead and zinc, and dividing the total Revenue by the price of zinc. FY23 realised prices for zinc (US$2,151/t), lead (US$1,919/t) and silver (US$21.1/oz) have been used for FY23, H1 FY24, FY24e and FY25e.

(36) Operating unit cost is Underlying revenue less Underlying EBITDA, excluding third party products and services, divided by sales volumes. Operating cost is Underlying revenue less Underlying EBITDA excluding third party products and services. Additional manganese disclosures are included in footnotes 47 and 49.

(37) FY24 prior Operating unit cost guidance includes royalties (where appropriate) and the influence of exchange rates, and includes various assumptions for FY24, including: an alumina price of US$349/t; an average blended coal price of US$210/t for Illawarra Metallurgical Coal; a manganese ore price of US$4.85/dmtu for 44% manganese product; a nickel price of US$8.90/lb; a silver price of US$24.5/troy oz; a lead price of US$2,131/t (gross of treatment and refining charges); a zinc price of US$2,446/t (gross of treatment and refining charges); a copper price of US$3.87/lb (gross of treatment and refining charges); a molybdenum price of US$22.5/lb (gross of treatment and refining charges); a gold price of US$1,984/troy oz; an AUD:USD exchange rate of 0.65; a USD:ZAR exchange rate of 18.98; a USD:COP exchange rate of 4,033; USD:CLP exchange rate of 876; and a reference price for caustic soda; which reflect forward markets as at July 2023 or our internal expectations.

(38) FY24 new Operating unit cost guidance includes royalties (where appropriate) and the influence of exchange rates, and includes various assumptions for FY24, including: an alumina price of US$340/t; an average blended coal price of US$296/t for Illawarra Metallurgical Coal; a manganese ore price of US$4.58/dmtu for 44% manganese product; a nickel price of US$8.67/lb; a silver price of US$22.7/troy oz; a lead price of US$2,105/t (gross of treatment and refining charges); a zinc price of US$2,446/t (gross of treatment and refining charges); a copper price of US$3.67/lb (gross of treatment and refining charges); a molybdenum price of US$19.22/lb (gross of treatment and refining charges); a gold price of US$1,892/troy oz; an AUD:USD exchange rate of 0.64; a USD:ZAR exchange rate of 19.12; a USD:COP exchange rate of 4,050; USD:CLP exchange rate of 924; and a reference price for caustic soda; which reflect forward markets as at January 2024 or our internal expectations.

(39) Exploration Results and Exploration Targets: The information in this announcement that relates to the Exploration Results and Targets for Taylor, Clark, Peake and Flux is extracted from the announcement entitled (Final Investment Approval to Develop Hermosa's Taylor Deposit) published on 15 February 2024 and is available to view on www.south32.net. The information was prepared by D Bertuch, 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 changed from the original market announcement.

(40) H1 FY24 Third party products and services sold comprise US$42M for aluminium, US$3M for alumina, US$106M for coal, US$43M for freight services, US$53M for raw materials and US$15M for manganese. Underlying EBIT on third party products and services comprise nil for aluminium, US$2M for alumina, US$14M for coal, US$(2)M for freight services, nil for raw materials and nil for manganese. H1 FY23 Third party products and services sold comprise US$30M for aluminium, US$2M for alumina, US$60M for coal, US$63M for freight services, US$78M for raw materials and US$16M for manganese. Underlying EBIT on third party products and services comprise US$(1)M for aluminium, US$8M for alumina, US$6M for coal, US$(1)M for freight services, nil for raw materials and nil for manganese.

(41) Refers to lower levels of GHG emissions when compared to the current state. Where used in relation to South32's products or portfolio, it refers to enhancement of existing methods, practices and technologies to substantially lower the level of embodied GHG emissions as compared to the current state.

(42) Sierra Gorda and Cannington Operating unit cost is Underlying revenue less Underlying EBITDA divided by ore processed. Periodic movements in finished product inventory may impact Operating unit costs.

(43) Cerro Matoso realised nickel sales price is inclusive of by-products.

(44) Illawarra Metallurgical Coal revenue includes metallurgical coal and energy coal sales revenue.

(45) Australia Manganese: The information in this announcement that refers to Production Target and forecast financial information is based on Proved (62%) and Probable (38%) Ore Reserves. Production Target cautionary statement - The Mineral Resources and Ore Reserves underpinning the Production Target have been prepared by Competent Persons and reported in accordance with the JORC Code. The Resources and Reserves estimates are available to view in South32's FY23 Annual Report (http://www.south32.net) published on 8 September 2023. 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.

(46) Volumes and prices do not include any third party trading that may be undertaken independently of equity production. Realised ore prices are calculated as external sales Underlying revenue less freight and marketing costs, divided by external sales volume.

(47) Manganese Australia H1 FY24 average manganese content of external ore sales was 42.5% on a dry basis (H1 FY23: 44.2%). 97% of H1 FY24 external manganese ore sales (H1 FY23: 95%) were completed on a CIF basis. H1 FY24 realised FOB ore prices and Operating unit costs have been adjusted for freight and marketing costs of US$30M (H1 FY23: US$36M), consistent with our FOB cost guidance.

(48) FOB Ore Operating unit cost is Underlying revenue less Underlying EBITDA, freight and marketing costs, divided by ore sales volume.

(49) Manganese South Africa H1 FY24 average manganese content of external ore sales was 38.7% on a dry basis (H1 FY23: 39.2%). 90% of H1 FY24 external manganese ore sales (H1 FY23: 86%) were completed on a CIF basis. H1 FY24 realised FOB ore prices and Operating unit costs have been adjusted for freight and marketing costs of US$28M (H1 FY23: US$32M), consistent with our FOB cost guidance.

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.
The following abbreviations may be used throughout this report: US$ million (US$M); US$ billion (US$B); December half year (H1 FY24); financial year 2024 (FY24); financial year (FY); calendar year (CY); copper equivalent (CuEq); 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); thousand dry metric tonnes (kdmt); dry metric tonne unit (dmtu); pound (lb); megawatt (MW); Australian Securities Exchange (ASX); London Stock Exchange (LSE); Johannesburg Stock Exchange (JSE); equity accounted investment (EAI); and American Depositary Receipts (ADR).

SOUTH32 FINANCIAL INFORMATION

For the half year ended 31 December 2023

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CONSOLIDATED INCOME STATEMENT

for the half year ended 31 December 2023

US$M	Note	H1 FY24	H1 FY23
Revenue:			
Group production		**2,827**	3,388
Third party products and services		**306**	308
	3	**3,133**	3,696
Other income		**61**	242
Expenses excluding finance costs		**(3,110)**	(3,308)
Share of profit/(loss) of equity accounted investments	9	**(9)**	241
Profit from operations		**75**	871
Comprising:			
Group production		**61**	859
Third party products and services		**14**	12
Profit from operations		**75**	871
Finance income		**116**	111
Finance costs		**(125)**	(97)
Net finance income/(costs)	7	**(9)**	14
Profit before tax		**66**	885
Income tax expense		**(13)**	(200)
Profit for the period		**53**	685
Attributable to:			
Equity holders of South32 Limited		**53**	685
Profit for the period attributable to equity holders of South32 Limited:			
Basic earnings per share (cents)	5	**1.2**	14.9
Diluted earnings per share (cents)	5	**1.2**	14.8

The accompanying notes form part of the half year consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 31 December 2023

US$M	H1 FY24	H1 FY23
Profit for the period	**53**	685
Other comprehensive income		
Items that will not be reclassified to the Consolidated Income Statement:		
Investments in equity instruments designated as fair value through other comprehensive income (FVOCI):		
Net fair value gains/(losses)	**(19)**	(3)
Income tax (expense)/benefit	**(1)**	1
Share of other comprehensive income/(loss) of equity accounted investments	**–**	1
Gains/(losses) on pension and medical schemes	**–**	2
Income tax (expense)/benefit recognised within other comprehensive income	**–**	(1)
Total items that will not be reclassified to the Consolidated Income Statement	**(20)**	–
Total other comprehensive income/(loss)	**(20)**	–
Total comprehensive income	**33**	685
Attributable to:		
Equity holders of South32 Limited	**33**	685

The accompanying notes form part of the half year consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2023

US$M	Note	H1 FY24	FY23
ASSETS			
Current assets			
Cash and cash equivalents		**702**	1,258
Trade and other receivables		**656**	778
Other financial assets	8	**1**	1
Inventories		**1,196**	1,102
Current tax assets		**118**	54
Other assets		**33**	46
Total current assets		**2,706**	3,239
Non-current assets			
Trade and other receivables		**2,134**	1,923
Other financial assets	8	**107**	118
Inventories		**72**	82
Property, plant and equipment		**8,352**	8,050
Intangible assets		**237**	242
Equity accounted investments		**414**	499
Deferred tax assets		**355**	390
Other assets		**21**	21
Total non-current assets		**11,692**	11,325
Total assets		**14,398**	14,564
LIABILITIES			
Current liabilities			
Trade and other payables		**840**	985
Interest bearing liabilities	6	**435**	365
Current tax payables		**9**	10
Provisions		**182**	194
Deferred income		**6**	6
Total current liabilities		**1,472**	1,560
Non-current liabilities			
Trade and other payables		**20**	19
Interest bearing liabilities	6	**1,358**	1,376
Other financial liabilities	8	**18**	37
Deferred tax liabilities		**162**	210
Provisions		**2,141**	1,986
Deferred income		**1**	1
Total non-current liabilities		**3,700**	3,629
Total liabilities		**5,172**	5,189
Net assets		**9,226**	9,375
EQUITY			
Share capital		**13,216**	13,251
Treasury shares		**(40)**	(51)
Reserves		**(3,579)**	(3,553)
Accumulated losses		**(370)**	(271)
Total equity attributable to equity holders of South32 Limited		**9,227**	9,376
Non-controlling interests		**(1)**	(1)
Total equity		**9,226**	9,375

The accompanying notes form part of the half year consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the half year ended 31 December 2023

US$M	Note	H1 FY24	H1 FY23
Operating activities			
Profit before tax		**66**	885
Adjustments for:			
Non-cash or non-operating significant items		**48**	(138)
Depreciation and amortisation expense		**335**	312
Net impairment loss/(reversal) of financial assets	3	**48**	214
Net impairment loss/(reversal) of non-financial assets		**–**	(4)
Employee share awards expense		**12**	13
Net finance (income)/costs		**9**	(14)
Share of (profit)/loss of equity accounted investments		**9**	(241)
(Gains)/losses on derivative instruments, contingent consideration and other investments measured at fair value through profit or loss (FVTPL)		**(17)**	(19)
Other non-cash or non-operating items		**(5)**	(1)
Changes in assets and liabilities:			
Trade and other receivables		**(88)**	88
Inventories		**(84)**	(134)
Trade and other payables		**(84)**	(81)
Provisions and other liabilities		**(20)**	(25)
Cash generated from operations		**229**	855
Interest received		**49**	29
Interest paid		**(57)**	(54)
Income tax paid		**(96)**	(347)
Dividends received		**2**	1
Dividends received from equity accounted investments		**76**	108
Net cash flows from operating activities		**203**	592
Investing activities			
Purchases of property, plant and equipment		**(563)**	(352)
Exploration expenditure		**(47)**	(44)
Exploration expenditure expensed and included in operating cash flows		**26**	26
Purchase of intangibles		**–**	(46)
Investment in financial assets		**(84)**	(116)
Proceeds from financial assets		**42**	61
Payments related to the acquisition of subsidiaries and joint operations, net of their cash		**(3)**	(25)
Proceeds from sale of intangibles		**18**	55
Net cash flows from investing activities		**(611)**	(441)
Financing activities			
Proceeds from interest bearing liabilities		**149**	28
Repayment of interest bearing liabilities		**(110)**	(42)
Purchase of shares by Employee Share Ownership Plan (ESOP) Trusts		**(8)**	(13)
Share buy-back		**(35)**	(143)
Dividends paid	4	**(145)**	(784)
Net cash flows from financing activities		**(149)**	(954)
Net decrease in cash and cash equivalents		**(557)**	(803)
Cash and cash equivalents, net of overdrafts, at the beginning of the period		**1,258**	2,365
Effect of foreign exchange rate changes on cash and cash equivalents		**1**	(2)
Cash and cash equivalents, net of overdrafts, at the end of the period		**702**	1,560

The accompanying notes form part of the half year consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2023

	Attributable to equity holders of South32 Limited								
US$M	**Share capital**	**Treasury shares**	**Financial assets reserve[(1)]**	**Employee share awards reserve[(2)]**	**Other reserves[(3)]**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Balance as at 1 July 2023	**13,251**	**(51)**	**(14)**	**52**	**(3,591)**	**(271)**	**9,376**	**(1)**	**9,375**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**53**	**53**	**–**	**53**
Other comprehensive income/(loss)	**–**	**–**	**(20)**	**–**	**–**	**–**	**(20)**	**–**	**(20)**
Total comprehensive income/(loss)	**–**	**–**	**(20)**	**–**	**–**	**53**	**33**	**–**	**33**
Transactions with owners:									
Dividends	**–**	**–**	**–**	**–**	**–**	**(145)**	**(145)**	**–**	**(145)**
Shares bought back and cancelled	**(35)**	**–**	**–**	**–**	**–**	**–**	**(35)**	**–**	**(35)**
Employee share entitlements for unvested awards, net of tax	**–**	**–**	**–**	**14**	**–**	**–**	**14**	**–**	**14**
Employee share awards vested and lapsed, net of tax	**–**	**19**	**–**	**(20)**	**–**	**(7)**	**(8)**	**–**	**(8)**
Purchase of shares by ESOP Trusts	**–**	**(8)**	**–**	**–**	**–**	**–**	**(8)**	**–**	**(8)**
Balance as at 31 December 2023	**13,216**	**(40)**	**(34)**	**46**	**(3,591)**	**(370)**	**9,227**	**(1)**	**9,226**
Balance as at 1 July 2022	13,469	(32)	(6)	45	(3,597)	901	10,780	(1)	10,779
Profit for the period	–	–	–	–	–	685	685	–	685
Other comprehensive income/(loss)	–	–	(2)	–	–	2	–	–	–
Total comprehensive income/(loss)	–	–	(2)	–	–	687	685	–	685
Transactions with owners:									
Dividends	–	–	–	–	–	(784)	(784)	–	(784)
Shares bought back and cancelled	(143)	–	–	–	–	–	(143)	–	(143)
Employee share entitlements for unvested awards, net of tax	–	–	–	14	–	–	14	–	14
Employee share awards vested and lapsed, net of tax	–	13	–	(21)	–	3	(5)	–	(5)
Purchase of shares by ESOP Trusts	–	(13)	–	–	–	–	(13)	–	(13)
Balance as at 31 December 2022	13,326	(32)	(8)	38	(3,597)	807	10,534	(1)	10,533

(1) Represents the fair value movement in financial assets designated as FVOCI.
(2) Represents the accrued employee entitlements to share awards that have not yet vested.
(3) Primarily consists of the common control transaction reserve of US$3,569 million, which reflects the difference between consideration paid and the carrying value of assets and liabilities acquired, as well as the gains/losses on disposal of entities as part of the demerger of the Group in 2015.

The accompanying notes form part of the half year consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS – BASIS OF PREPARATION

The consolidated financial statements of South32 Limited (referred to as the Company) and its subsidiaries and joint arrangements (collectively, the Group) for the half year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 15 February 2024.

1. REPORTING ENTITY

South32 Limited is a for-profit company limited by shares incorporated in Australia with a primary listing on the Australian Securities Exchange (ASX), a standard listing on the London Stock Exchange (LSE) and a secondary listing on the Johannesburg Stock Exchange (JSE).

The nature of the operations and principal activities of the Group are described in note 3 Segment information.

2. BASIS OF PREPARATION

The half year consolidated financial statements are general purpose condensed financial statements which:

- Have been prepared in accordance with AASB 134 *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting* and the *Corporations Act 2001*;
- Have been prepared on a historical cost basis, except for post-retirement assets and obligations, derivative financial instruments and certain other financial assets and liabilities which are required to be measured at fair value;
- Are presented in US dollars, which is the functional currency of the majority of the Group's operations, and all values are rounded to the nearest million dollars (US$M or US$ million) unless otherwise stated, in accordance with *ASIC Corporations Instrument 2016/191*; and
- Have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the consolidated financial statements for the year ended 30 June 2023.

The preparation of the half year consolidated financial statements has required management to apply accounting policies and methodologies that are based on complex and subjective estimates, assumptions and judgements. Management based its estimates and judgements on historical experience and assumptions it believes to be reasonable and realistic based on the current environment. Actual results may differ from those reported in these statements due to the uncertainties that characterise the assumptions and conditions on which the estimates are based. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2023.

For a full understanding of the financial performance and financial position of the Group, it is recommended that the half year consolidated financial statements be read in conjunction with the consolidated financial statements for the year ended 30 June 2023.

NOTES TO FINANCIAL STATEMENTS – RESULTS FOR THE PERIOD

3. SEGMENT INFORMATION

(a) Description of segments

The operating segments (also referred to as operations) are organised and managed separately according to the nature of products produced.

The Lead Team (the chief operating decision makers) and the Board of Directors monitor the segment results regularly for the purpose of making decisions about resource allocation and assessing performance.

The principal activities of each operating segment are summarised as follows:

Operating segment	Principal activities
Worsley Alumina	Integrated bauxite mine and alumina refinery in Australia
Brazil Alumina	Integrated bauxite mine and alumina refinery in Brazil
Brazil Aluminium	Aluminium smelter in Brazil
Hillside Aluminium	Aluminium smelter in South Africa
Mozal Aluminium	Aluminium smelter in Mozambique
Sierra Gorda	Copper mine in Chile
Cannington	Silver, lead and zinc mine in Australia
Hermosa	Base metals exploration and development project in the United States
Cerro Matoso	Integrated laterite ferronickel mine and smelting complex in Colombia
Illawarra Metallurgical Coal	Metallurgical coal mines in Australia
Australia Manganese	Manganese ore mine in Australia
South Africa Manganese	Manganese ore mines in South Africa

All operations are operated by the Group except Brazil Alumina, Brazil Aluminium and Sierra Gorda.

(b) Segment results

The segment information reflects the Group's interest in subsidiaries and joint operations, as well as material equity accounted joint ventures on a proportional consolidation basis. The segment information includes non-IFRS financial measures.

Segment performance is measured by Underlying EBIT and Underlying EBITDA. Underlying EBIT is profit for the period before net finance income/(costs), income tax expense and other earnings adjustment items. Underlying EBITDA is Underlying EBIT before depreciation and amortisation.

Reconciliations of the underlying segment information to the statutory information included in the Group's consolidated financial statements is set out on the following pages, including joint venture adjustments which reconcile the proportional consolidation of the material equity accounted joint ventures back to their statutory equity accounting positions. The Group's material equity accounted joint ventures are Sierra Gorda, Australia Manganese and South Africa Manganese.

The Group separately discloses sales of group production from sales of third-party products and services because of the significant difference in profit margin earned on these sales.

It is the Group's policy that inter-segment transactions are made on an arm's length basis.

Group and unallocated items/eliminations represent group centre functions and consolidation adjustments. Group financing and income taxes are primarily managed on a Group basis and are not allocated to operating segments.

Total assets and liabilities for each operating segment represent operating assets and liabilities which predominantly exclude the carrying amount of non-material equity accounted investments, cash, interest bearing liabilities, tax balances and certain other financial assets and liabilities.

NOTES TO FINANCIAL STATEMENTS – RESULTS FOR THE PERIOD

3. SEGMENT INFORMATION (CONTINUED)

(b) Segment results (continued)

H1 FY24 US$M	Worsley Alumina	Brazil Alumina	Brazil Aluminium	Hillside Aluminium	Mozal Aluminium	Sierra Gorda[1]	Cannington	Hermosa	Cerro Matoso	Illawarra Metallurgical Coal	Australia Manganese[1]	South Africa Manganese[1]	Group and unallocated items/ eliminations	Group underlying results[1]
Revenue from customers	653	234	91	757	397	319	313	–	238	522	328	158	(118)	3,892
Other[2]	–	–	–	1	–	3	5	–	–	(2)	(10)	(6)	(2)	(11)
Total underlying revenue	653	234	91	758	397	322	318	–	238	520	318	152	(120)	3,881
Comprising:														
Group production	318	187	91	758	397	322	318	–	238	520	318	152	–	3,619
Third party products and services[3]	–	–	–	–	–	–	–	–	–	–	–	–	262	262
Inter-segment revenue	335	47	–	–	–	–	–	–	–	–	–	–	(382)	–
Total underlying revenue	653	234	91	758	397	322	318	–	238	520	318	152	(120)	3,881
Underlying EBITDA	164	15	(70)	60	(14)	117	147	(7)	17	171	125	14	(31)	708
Underlying depreciation and amortisation	(96)	(24)	(4)	(33)	(34)	(68)	(38)	(2)	(31)	(60)	(58)	(11)	(13)	(472)
Underlying EBIT	68	(9)	(74)	27	(48)	49	109	(9)	(14)	111	67	3	(44)	236
Comprising:														
Group production	68	–	(74)	27	(48)	49	112	(9)	(13)	116	67	3	(39)	259
Exploration expensed	–	–	–	–	–	–	(3)	–	(1)	(3)	–	–	(19)	(26)
Third party products and services[3]	–	–	–	–	–	–	–	–	–	–	–	–	14	14
Share of profit/(loss) of equity accounted investments	–	(9)	–	–	–	–	–	–	–	(2)	–	–	–	(11)
Underlying EBIT	68	(9)	(74)	27	(48)	49	109	(9)	(14)	111	67	3	(44)	236
Underlying net finance costs														(118)
Underlying income tax expense														(56)
Underlying royalty related tax expense														(22)
Underlying earnings														40
Total adjustments to profit[4]														13
Profit for the period														53
Underlying exploration expenditure	–	–	–	–	–	6	5	14	1	7	–	–	20	53
Underlying capital expenditure[5]	58	51	4	25	11	98	23	188	21	181	40	26	1	727
Underlying equity accounted investments[6]	–	42	–	–	–	–	–	–	–	5	–	–	–	47
Total underlying assets[6]	3,648	956	135	1,168	729	1,790	601	1,298	568	1,355	641	341	2,160	15,390
Total underlying liabilities[6]	1,163	168	65	314	189	199	418	102	200	459	429	182	2,276	6,164

(1) The segment 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 Group's underlying results includes the proportional elimination of revenue and corresponding expenses relating to freight services provided by the Group to material joint ventures of US$59 million and third party product revenue of US$15 million included in Group and unallocated items/eliminations. Refer to note 3(b)(i) Underlying results reconciliation for the joint venture adjustments that reconcile the underlying proportional consolidation to the statutory financial information.
(2) Underlying other revenue relates to fair value movements on provisionally priced contracts.
(3) Underlying revenue on third party products and services sold comprises US$42 million for aluminium, US$3 million for alumina, US$106 million for coal, US$15 million for manganese, US$43 million for freight services and US$53 million for raw materials. Underlying EBIT on third party products and services sold comprises US$2 million for alumina, US$14 million for coal and US$(2) million for freight services.
(4) Represents the total of all adjustments made to Profit from operations, Net finance income/(costs) and Income tax expense. Refer to note 3(b)(i) Underlying results reconciliation for further details.
(5) Underlying capital expenditure excludes the purchase of intangibles and capitalised exploration expenditure.
(6) Total underlying assets and liabilities for each operating segment represent operating assets and liabilities which predominantly exclude the carrying amount of non-material equity accounted investments, cash, interest bearing liabilities, tax balances and certain other financial assets and liabilities.

3. SEGMENT INFORMATION (CONTINUED)

(b) Segment results (continued)

H1 FY23 US$M	Worsley Alumina	Brazil Alumina	Brazil Aluminium	Hillside Aluminium	Mozal Aluminium	Sierra Gorda[1]	Cannington	Hermosa	Cerro Matoso	Illawarra Metallurgical Coal	Australia Manganese[1]	South Africa Manganese[1]	Group and unallocated items/ eliminations	Group underlying results[1]
Revenue from customers	661	247	47	859	485	349	271	–	356	803	383	190	(127)	4,524
Other[2]	(2)	–	–	2	(3)	8	1	–	39	(2)	(28)	(15)	–	–
Total underlying revenue	659	247	47	861	482	357	272	–	395	801	355	175	(127)	4,524
Comprising:														
Group production	302	228	47	861	482	357	272	–	395	801	355	175	–	4,275
Third party products and services[3]	–	–	–	–	–	–	–	–	–	–	–	–	249	249
Inter-segment revenue	357	19	–	–	–	–	–	–	–	–	–	–	(376)	–
Total underlying revenue	659	247	47	861	482	357	272	–	395	801	355	175	(127)	4,524
Underlying EBITDA	123	7	(67)	94	86	179	117	(7)	180	407	197	35	13	1,364
Underlying depreciation and amortisation	(90)	(26)	(3)	(32)	(21)	(72)	(35)	(2)	(26)	(67)	(48)	(10)	(10)	(442)
Underlying EBIT	33	(19)	(70)	62	65	107	82	(9)	154	340	149	25	3	922
Comprising:														
Group production	33	(26)	(70)	62	65	109	85	(9)	154	344	149	26	10	932
Exploration expensed	–	–	–	–	–	(2)	(3)	–	–	(4)	–	(1)	(19)	(29)
Third party products and services[3]	–	–	–	–	–	–	–	–	–	–	–	–	12	12
Share of profit/(loss) of equity accounted investments	–	7	–	–	–	–	–	–	–	–	–	–	–	7
Underlying EBIT	33	(19)	(70)	62	65	107	82	(9)	154	340	149	25	3	922
Underlying net finance costs														(88)
Underlying income tax expense														(234)
Underlying royalty related tax expense														(40)
Underlying earnings														560
Total adjustments to profit[4]														125
Profit for the period														685
Underlying exploration expenditure	–	–	–	–	–	3	3	6	–	8	1	1	27	49
Underlying capital expenditure[5]	34	35	6	10	9	86	33	96	20	108	32	11	1	481
Underlying equity accounted investments[6]	–	51	–	–	–	–	–	–	–	7	–	–	–	58
Total underlying assets[6]	3,578	880	91	1,156	778	1,811	575	1,095	581	1,275	660	326	2,709	15,515
Total underlying liabilities[6]	1,121	142	63	311	200	223	403	96	218	506	421	183	2,253	6,140

(1) The segment 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 Group's underlying results includes the proportional elimination of revenue and corresponding expenses relating to freight services provided by the Group to material joint ventures of US$75 million and third party product revenue of US$16 million included in Group and unallocated items/eliminations. Refer to note 3(b)(i) Underlying results reconciliation for the joint venture adjustments that reconcile the underlying proportional consolidation to the statutory financial information.

(2) Underlying other revenue relates to fair value movements on provisionally priced contracts.

(3) Underlying revenue on third party products and services sold comprises US$30 million for aluminium, US$2 million for alumina, US$60 million for coal, US$16 million for manganese, US$63 million for freight services and US$78 million for raw materials. Underlying EBIT on third party products and services sold comprises US$(1) million for aluminium, US$8 million for alumina, US$6 million for coal and US$(1) million for freight services.

(4) Represents the total of all adjustments made to Profit from operations, Net finance income/(costs) and Income tax expense. Refer to note 3(b)(i) Underlying results reconciliation for further details.

(5) Underlying capital expenditure excludes the purchase of intangibles and capitalised exploration expenditure.

(6) Underlying equity accounted investments, total assets and total liabilities for each operating segment are as at 30 June 2023. Total underlying assets and liabilities for each operating segment represent operating assets and liabilities which predominantly exclude the carrying amount of non-material equity accounted investments, cash, interest bearing liabilities, tax balances and certain other financial assets and liabilities.

NOTES TO FINANCIAL STATEMENTS – RESULTS FOR THE PERIOD

3. SEGMENT INFORMATION (CONTINUED)

(b) Segment results (continued)

(i) Underlying results reconciliation

The following tables reconcile the underlying segment information to the statutory information included in the Group's half year consolidated financial statements:

US$M	H1 FY24	H1 FY23
Underlying EBIT	**236**	922
Significant items[1]	**–**	138
Sierra Gorda joint venture adjustments[2][3]	**(47)**	57
Manganese joint venture adjustments[2][4]	**(71)**	(101)
Exchange rate gains/(losses) on restatement of monetary items[5]	**(13)**	48
Net impairment (loss)/reversal of financial assets[5][6]	**(48)**	(214)
Net impairment (loss)/reversal of non-financial assets[5]	**–**	4
Gains/(losses) on non-trading derivative instruments, contingent consideration and other investments measured at FVTPL[5]	**18**	17
Profit from operations	**75**	871
Underlying net finance costs	**(118)**	(88)
Sierra Gorda joint venture adjustments[2]	**91**	85
Manganese joint venture adjustments[2]	**19**	13
Exchange rate variations on net debt	**(1)**	4
Net finance income/(costs)	**(9)**	14
Underlying income tax expense	**(56)**	(234)
Underlying royalty related tax expense	**(22)**	(40)
Tax effect of significant items[1]	**–**	(23)
Sierra Gorda joint venture adjustments relating to income tax expense[2]	**(6)**	6
Sierra Gorda joint venture adjustments relating to royalty related tax expense[2]	**1**	4
Manganese joint venture adjustments relating to income tax expense[2]	**24**	56
Manganese joint venture adjustments relating to royalty related tax expense[2]	**21**	36
Tax effect of other adjustments to Underlying EBIT	**4**	1
Tax effect of other adjustments to Underlying net finance costs	**1**	(1)
Exchange rate variations on tax balances	**20**	(5)
Income tax expense	**(13)**	(200)
Underlying earnings	**40**	560
Total adjustments to profit	**13**	125
Profit for the period	**53**	685

(1) Refer to 3(b)(ii) Significant items.
(2) The segment 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. Joint venture adjustments reconcile the proportional consolidation to the statutory equity accounting positions, recognised in share of profit/(loss) of equity accounted investments in the Consolidated Income Statement.
(3) The Group's investment in the Sierra Gorda operation is represented by the carrying value of an equity accounted investment of US$103 million (FY23: US$161 million), and the carrying value of a purchased credit-impaired receivable of US$1,725 million (FY23: US$1,711 million) classified as a loan to an equity accounted investment within trade and other receivables on the Consolidated Balance Sheet. The earnings adjustments include a revaluation gain of US$48 million (H1 FY23: gain of US$214 million) relating to the shareholder loan payable that was eliminated from the Group's Underlying EBIT upon proportional consolidation.
(4) Includes earnings adjustments of nil (H1 FY23: nil) included in the Australia Manganese segment and US$(7) million (H1 FY23: US$4 million) included in the South Africa Manganese segment.
(5) Recognised in expenses excluding finance costs in the Consolidated Income Statement.
(6) Refer to 3(b)(iii) Impairment of financial assets.

NOTES TO FINANCIAL STATEMENTS – RESULTS FOR THE PERIOD

3. SEGMENT INFORMATION (CONTINUED)

(b) Segment results (continued)

(i) Underlying results reconciliation (continued)

H1 FY24 US$M	Group underlying results	Sierra Gorda joint venture adjustments	Manganese joint venture adjustments	Group statutory results
Total revenue	**3,881**	**(322)**	**(426)**	**3,133**
Depreciation and amortisation	**472**	**(68)**	**(69)**	**335**
Share of profit/(loss) of equity accounted investments	**(11)**	**3**	**(1)**	**(9)**
Exploration expenditure	**53**	**(6)**	**–**	**47**
Capital expenditure	**727**	**(98)**	**(66)**	**563**
Equity accounted investments	**47**	**103**	**264**	**414**
Total assets	**15,390**	**(453)**	**(539)**	**14,398**
Total liabilities	**6,164**	**(453)**	**(539)**	**5,172**

H1 FY23 US$M	Group underlying results	Sierra Gorda joint venture adjustments	Manganese joint venture adjustments	Group statutory results
Total revenue	4,524	(357)	(471)	3,696
Depreciation and amortisation	442	(72)	(58)	312
Share of profit/(loss) of equity accounted investments	7	161	73	241
Exploration expenditure	49	(3)	(2)	44
Capital expenditure	481	(86)	(43)	352
Equity accounted investments[1]	58	101	340	499
Total assets[1]	15,515	(450)	(501)	14,564
Total liabilities[1]	6,140	(450)	(501)	5,189

(1) Equity accounted investments, total assets and total liabilities are as at 30 June 2023.

(ii) Significant items

Significant items are those items, not separately identified in note 3(b)(i) Underlying results reconciliation, whose nature and amount are considered material to the Group's consolidated half year financial statements. There were no such items included within the Group's consolidated financial statements for the half year ended 31 December 2023 (H1 FY23: US$115M after tax).

H1 FY23 US$M	Gross	Tax	Net
Disposal of royalties	189	(56)	133
Assets write-off	(51)	16	(35)
Tax adjustments relating to the Sierra Gorda acquisition	–	17	17
Total significant items	138	(23)	115

Disposal of royalties

On 19 July 2022, the Group divested four royalties to Ecora Resources PLC (formerly known as Anglo Pacific Group PLC) in exchange for consideration comprising an upfront cash payment of US$48 million, deferred cash consideration of US$55 million, US$78 million in equity and a variable consideration receivable valued at US$10 million. The equity in Ecora Resources PLC has been recognised as an investment in equity instruments designated at FVOCI. The variable consideration is payable if certain production and price-linked conditions are met prior to 2032, up to a maximum of US$15 million.

The royalties were recognised as intangible assets with a nominal carrying value. On completion the Group recognised other income, net of transaction costs, of US$189 million (US$133 million post-tax) in the Consolidated Income Statement and was included in Group and unallocated items.

3. SEGMENT INFORMATION (CONTINUED)

(b) Segment results (continued)

(ii) Significant items (continued)

Assets write-off

On 23 August 2022, the Group announced that it would not proceed with an investment in the Dendrobium Next Domain project at Illawarra Metallurgical Coal following its consideration of recently completed study work and extensive analysis of alternatives considered for the complex. As a result of the decision in August 2022, the Group wrote off US$51 million (US$35 million post-tax) of costs previously capitalised in relation to the project which were recognised within expenses excluding finance costs in the Consolidated Income Statement. The write-off related to capitalised exploration and evaluation assets previously included in property, plant and equipment on the Consolidated Balance Sheet.

Tax adjustments relating to the Sierra Gorda acquisition

During H1 FY23, the Group recognised an income tax benefit of US$31 million relating to tax liabilities recognised on the acquisition of Sierra Gorda during H1 FY23. The US$31 million benefit comprised a reassessment of US$17 million and foreign exchange gain of US$14 million which was separately reported as part of exchange variations of tax balances. The tax adjustments relating to the Sierra Gorda acquisition have been excluded from the Group's Underlying income tax expense on the basis that they do not relate to assessable income earned during its ownership.

(iii) Impairment of financial assets

The Group recognised the following net impairment of financial assets:

US$M	H1 FY24	H1 FY23
Trade and other receivables	48	214
Net impairment of financial assets[1]	48	214

(1) Relates to the purchased credit impaired receivable from Sierra Gorda.

Shareholder loan receivable from Sierra Gorda

The loan has a contractual interest rate of 8 per cent and the repayment of the loan by Sierra Gorda is dependent on its financial performance. At 31 December 2023, the Group updated its estimated timing of the loan repayments and as a result recognised an impairment of US$48 million (H1 FY23: impairment of US$214 million) which is included in expenses excluding finance costs in the Consolidated Income Statement. The net present value of the expected future cash flows of the loan is most sensitive to the Group's copper price assumption, with a range of US$3.28/lb to US$4.59/lb used, in real terms. The future loan repayments were informed by a production profile and costs based on management's planning processes. An effective interest rate of 9 per cent, as determined on the date of acquisition, was applied to discount the future loan repayments.

NOTES TO FINANCIAL STATEMENTS – RESULTS FOR THE PERIOD

4. DIVIDENDS

US$M	H1 FY24	H1 FY23
Prior year final dividend	**145**	646
Prior year special dividend	**–**	138
Total dividends declared and paid during the period(1)	**145**	784

(1) On 24 August 2023, the Directors resolved to pay a fully franked final dividend of US 3.2 cents per share (US$145 million) in respect of the 2023 financial year. The dividends were paid on 12 October 2023.

5. EARNINGS PER SHARE

Basic earnings per share (EPS) amounts are calculated based on profit attributable to equity holders of South32 Limited and the weighted average number of shares outstanding during the year.

Diluted EPS amounts are calculated based on profit attributable to equity holders of South32 Limited and the weighted average number of shares outstanding after adjustment for the effects of all dilutive potential shares.

The following reflects the profit and share data used in the basic and diluted EPS computations:

Profit attributable to equity holders US$M	H1 FY24	H1 FY23
Profit attributable to equity holders of South32 Limited (basic)	**53**	685
Profit attributable to equity holders of South32 Limited (diluted)	**53**	685

Weighted average number of shares Million	H1 FY24	H1 FY23
Basic EPS denominator(1)	**4,523**	4,596
Shares contingently issuable under employee share ownership plans	**14**	30
Diluted EPS denominator	**4,537**	4,626

(1) The basic EPS denominator is the aggregate of the weighted average number of shares after deduction of the weighted average number of treasury shares outstanding and shares permanently cancelled through the on-market share buy-back program.

Earnings per share US cents	H1 FY24	H1 FY23
Basic EPS	**1.2**	14.9
Diluted EPS	**1.2**	14.8

NOTES TO FINANCIAL STATEMENTS – CAPITAL STRUCTURE AND FINANCING

6. INTEREST BEARING LIABILITIES

US$M	H1 FY24	FY23
Current		
Lease liabilities	**51**	51
Unsecured loans from equity accounted investments	**208**	287
Unsecured other[(1)]	**176**	27
Total current interest bearing liabilities	**435**	365
Non-current		
Lease liabilities	**631**	623
Senior unsecured notes	**691**	690
Unsecured other	**36**	63
Total non-current interest bearing liabilities	**1,358**	1,376

(1) Unsecured other interest bearing liabilities includes US$149 million of short-term commercial paper issued in December 2023 via the Group's US commercial paper program.

7. NET FINANCE INCOME/(COSTS)

US$M	H1 FY24	H1 FY23
Finance income		
Interest on loans to equity accounted investments	**91**	83
Other interest income	**25**	28
Total finance income	**116**	111
Finance costs		
Interest on borrowings	**(35)**	(31)
Interest on lease liabilities	**(26)**	(26)
Discounting on provisions and other liabilities	**(62)**	(42)
Net interest expense on post-retirement employee benefits	**(1)**	(2)
Exchange rate variations on net debt	**(1)**	4
Total finance costs	**(125)**	(97)
Net finance income/(costs)	**(9)**	14

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table presents the financial assets and liabilities by class at their carrying amounts:

H1 FY24 US$M	Held at FVTPL	Designated as FVOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	–	–	702	702
Trade and other receivables[1][2]	108	–	446	554
Other financial assets:				
Derivative contracts	1	–	–	1
Total current financial assets	109	–	1,148	1,257
Trade and other receivables[1][2]	–	–	1,954	1,954
Other financial assets:				
Investments in equity instruments designated as FVOCI	–	97	–	97
Contingent consideration receivable	10	–	–	10
Total non-current financial assets	10	97	1,954	2,061
Total financial assets	119	97	3,102	3,318
Financial liabilities				
Trade and other payables[3]	3	–	822	825
Interest bearing liabilities	–	–	435	435
Total current financial liabilities	3	–	1,257	1,260
Trade and other payables[3]	–	–	19	19
Interest bearing liabilities	–	–	1,358	1,358
Other financial liabilities:				
Contingent consideration payable	18	–	–	18
Total non-current financial liabilities	18	–	1,377	1,395
Total financial liabilities	21	–	2,634	2,655

(1) Includes current loans to equity accounted investments of US$6 million and non-current loans to equity accounted investments of US$1,944 million.
(2) Excludes current input taxes of US$102 million and non-current input and other taxes of US$180 million included in other receivables.
(3) Excludes current input taxes of US$15 million and non-current input and other taxes of US$1 million included in other payables.

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

FY23 US$M	Held at FVTPL	Designated as FVOCI	Amortised cost	Total
Financial assets				
Cash and cash equivalents	–	–	1,258	1,258
Trade and other receivables[(1)(2)]	105	–	532	637
Other financial assets:				
Derivative contracts	1	–	–	1
Total current financial assets	106	–	1,790	1,896
Trade and other receivables[(1)(2)]	–	–	1,802	1,802
Other financial assets:				
Investments in equity instruments designated as FVOCI	–	108	–	108
Contingent consideration receivable	10	–	–	10
Total non-current financial assets	10	108	1,802	1,920
Total financial assets	116	108	3,592	3,816
Financial liabilities				
Trade and other payables[(3)]	6	–	962	968
Interest bearing liabilities	–	–	365	365
Total current financial liabilities	6	–	1,327	1,333
Trade and other payables[(3)]	–	–	18	18
Interest bearing liabilities	–	–	1,376	1,376
Other financial liabilities:				
Contingent consideration payable	37	–	–	37
Total non-current financial liabilities	37	–	1,394	1,431
Total financial liabilities	43	–	2,721	2,764

(1) Includes current loans to equity accounted investments of US$114 million and non-current loans to equity accounted investments of US$1,790 million.
(2) Excludes current input taxes of US$141 million and non-current input and other taxes of US$121 million included in other receivables.
(3) Excludes current input taxes of US$17 million and non-current input and other taxes of US$1 million included in other payables.

(i) Measurement of fair value

The carrying values of the Group's financial assets and liabilities measured at amortised cost are equal to or approximate their respective fair values, except for senior unsecured notes, which have a fair value of US$633 million (FY23: US$617 million), and lease liabilities, for which a fair value has not been determined. The fair value of the Group's senior unsecured notes is estimated based on quoted market prices at the reporting date and are classified as Level 1 on the fair value hierarchy as shown below. Refer to note 6 Interest bearing liabilities for the carrying values of senior unsecured notes and lease liabilities.

For financial assets and liabilities measured at fair value, the Group uses quoted marked prices in active markets for identical assets where available. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, the fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling, credit and other risks implicit in such estimates.

The following table shows the Group's financial assets and liabilities carried at fair value with reference to the nature of valuation inputs used:

Level 1	Valuation is based on unadjusted quoted prices in active markets for identical financial assets and liabilities.
Level 2	Valuation is based on inputs (other than quoted prices included in Level 1) that are observable for the financial asset or liability, either directly (i.e. as unquoted prices) or indirectly (i.e. derived from prices).
Level 3	Valuation includes inputs that are not based on observable market data.

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Measurement of fair value (continued)

H1 FY24 US$M	Level 1	Level 2	Level 3	Total
Financial assets and liabilities				
Trade and other receivables	**–**	**108**	**–**	**108**
Trade and other payables	**–**	**(3)**	**–**	**(3)**
Derivative contract assets	**1**	**–**	**–**	**1**
Investments in equity instruments designated as FVOCI	**90**	**–**	**7**	**97**
Contingent consideration receivable	**–**	**–**	**10**	**10**
Contingent consideration payable	**–**	**–**	**(18)**	**(18)**
Total	**91**	**105**	**(1)**	**195**

FY23 US$M	Level 1	Level 2	Level 3	Total
Financial assets and liabilities				
Trade and other receivables	–	105	–	105
Trade and other payables	–	(6)	–	(6)
Derivative contract assets	1	–	–	1
Investments in equity instruments designated as FVOCI	101	–	7	108
Contingent consideration receivable	–	–	10	10
Contingent consideration payable	–	–	(37)	(37)
Total	102	99	(20)	181

(ii) Level 3 financial assets and liabilities

The following table shows the movements in the Group's Level 3 financial assets and liabilities:

US$M	H1 FY24	H1 FY23
At the beginning of the period	**(20)**	(45)
Addition of financial assets	**–**	10
Reclassification of financial asset from level 3 to level 2[1]	**–**	(39)
Unrealised gains recognised in the Consolidated Income Statement[2]	**19**	68
At the end of the period	**(1)**	(6)

(1) The valuation of the vendor loan facility provided to Seriti as part of the Group's divestment of South Africa Energy Coal no longer included inputs that were based on unobservable market data. This financial asset was settled in H2 FY23 through agreement with the vendor to offset this facility against the related rehabilitation fund liability, recognised within unsecured other interest bearing liabilities.
(2) Recognised in expenses excluding finance costs in the Consolidated Income Statement.

(iii) Standby arrangements and credit facilities

The entities in the Group are funded by a combination of cash generated by the Group's operations, working capital facilities and intercompany loans provided by the Group. Intercompany loans may be funded by a combination of cash, short-term and long-term debt. Details of the Group's major standby arrangement are as follows:

H1 FY24 US$M	Available	Used	Unused
Revolving credit facility[1]	**1,400**	**–**	**1,400**

(1) The Group has an undrawn revolving credit facility which expires in December 2028, with the size of the facility in the final year reducing to US$1,300 million.

9. EQUITY ACCOUNTED INVESTMENTS

The Group's interests in equity accounted investments with the most significant contribution to the Group's net profit after tax or net assets are as follows:

Significant joint ventures	Country of incorporation	Principal activity	Acquisition date	Ownership interest % H1 FY24	FY23
Australia Manganese[(1)(2)]	Australia	Manganese ore mine	8 May 2015	**60**	60
South Africa Manganese[(1)(3)]	South Africa	Manganese ore mines	3 February 2015	**60**	60
Sierra Gorda[(4)]	Chile	Copper mine	22 February 2022	**45**	45

(1) Joint control is contractually achieved as joint venture parties unanimously consent on decisions over the joint venture's relevant activities.
(2) Australia Manganese consists of an investment in Groote Eylandt Mining Company Pty Ltd (GEMCO).
(3) The Group holds a 60 per cent interest in Samancor Holdings (Pty) Ltd (Samancor). Samancor indirectly owns 74 per cent of Hotazel Manganese Mines (Pty) Ltd (HMM), which gives the Group its indirect legal ownership interest of 44.4 per cent. The remaining 26 per cent of HMM is owned by B-BBEE entities, of which 17 per cent of the interests 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, the Group's interest in HMM is accounted for at 54.6 per cent.
(4) Sierra Gorda consists of an investment in Sierra Gorda Sociedad Contractual Minera.

The Group's share of profit/(loss) of equity accounted investments, are as follows:

Share of profit/(loss) of equity accounted investments US$M	H1 FY24	H1 FY23
Australia Manganese	**7**	52
South Africa Manganese	**(12)**	16
Sierra Gorda	**3**	161
Individually immaterial[(1)]	**(7)**	12
Total	**(9)**	241

(1) Individually immaterial consists of investments in Samancor Marketing Pte Ltd (60 per cent), Mineração Rio do Norte (33 per cent) and Port Kembla Coal Terminal Ltd (16.7 per cent).

10. SUBSEQUENT EVENTS

Agreement to divest interest in Eagle Downs

On 10 February 2024, the Group entered into a binding agreement to divest its 50 percent interest in the Eagle Downs metallurgical coal project to Boomerang QLD Coal Pty Ltd, a subsidiary of Stanmore Resources Limited. The consideration comprises US$15 million payable at completion; a contingent payment of US$20 million, subject to the Eagle Downs project reaching metallurgical coal production of 100,000 tonnes; and a royalty of up to US$100 million based on certain metallurgical coal price-linked conditions. The transaction is expected to complete in the 2024 calendar year, subject to satisfaction of conditions precedent, which include approval from Australia's Foreign Investment Review Board and certain consents required under the Eagle Downs joint venture agreement.

Capital management

On 15 February 2024, the Directors resolved to pay a fully-franked interim dividend of US 0.4 cents per share (US$18 million) in respect of the 2024 financial half year. The dividend will be paid on 4 April 2024. The dividend has not been provided for in the half year consolidated financial statements and will be recognised in the second half of the 2024 financial year.

To manage the Group's financial position and ensure it retains the right balance of flexibility, efficiency and prudence, the Directors have taken the decision to cancel the on-market share buy-back program, which was due to expire on 1 March 2024. Consistent with its unchanged capital management framework, the Group will continue to assess options to return excess cash to shareholders in the most efficient and value accretive manner.

Final investment approval to develop the Taylor deposit

On 15 February 2024, the Directors approved a final investment decision for the development of the Group's Taylor zinc-lead silver deposit within the Hermosa project in Arizona, United States. The Directors have approved direct and indirect capital expenditure of US$2,160 million, in real terms, with construction expected to be funded primarily from the Group's operating cash flows.

No other matters or circumstances have arisen since the end of the period that have significantly affected, or may significantly affect, the operations, results of operations or state of affairs of the Group in subsequent accounting periods.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of the Company, we state that:

In the opinion of the Directors:

(a) The consolidated financial statements and notes that are set out on pages 33 to 50 for the half year ended 31 December 2023 are in accordance with the Corporations Act, including:

   (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and

   (ii) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

Karen Wood

Chair

Graham Kerr

Chief Executive Officer and Managing Director

Dated 15 February 2024

DIRECTORS' REPORT

The Directors of the Group present the consolidated financial statements for the half year ended 31 December 2023 and the auditor's review report thereon.

Directors

The Directors of the Company, both during and since the end of the period, are:

Ms Karen Wood

Mr Graham Kerr

Mr Frank Cooper AO

Dr Xiaoling Liu

Mr Carlos Mesquita

Dr Ntombifuthi (Futhi) Mtoba

Ms Jane Nelson

Mr Wayne Osborn

Mr Keith Rumble

Ms Sharon Warburton

The company secretary of the Company, both during and since the end of the period, is Claire Tolcon.

Review and results of operations

A review of the operations of the consolidated entity during the period and of the results of those operations is contained on pages 3 to 30.

Strategic risks and uncertainties

Due to the international scope of the Group's operations and the industries in which it is engaged, there are a number of risk factors and uncertainties which could have an effect on the Group's results and operations over the next six months.

The following information outlines the most significant strategic exposures identified across the Group. The risks are not listed in any particular order:

- Keeping our people safe and well
- Portfolio reshaping
- Predictable operational performance
- Climate change and environment
- Maintaining, realising or enhancing the value of our Mineral Resources and Ore Reserves
- Major external events or natural catastrophes
- Maintaining competitiveness through innovation and technology
- Delivering our project portfolio
- Security of supply of logistics chains, and critical goods and services
- Shaping our culture and managing diverse talent
- Evolving societal expectations
- Political risks, actions by government and/or authorities
- Global economic uncertainty and liquidity

Further information on these risks and how they are managed can be found on pages 28 to 37 of the Annual Report for the year ended 30 June 2023, a copy of which is available on the Group's website at www.south32.net.

Events subsequent to the balance sheet date

Agreement to divest interest in Eagle Downs

On 10 February 2024, the Group entered into a binding agreement to divest its 50 percent interest in the Eagle Downs metallurgical coal project to Boomerang QLD Coal Pty Ltd, a subsidiary of Stanmore Resources Limited. The consideration comprises US$15 million payable at completion; a contingent payment of US$20 million, subject to the Eagle Downs project reaching metallurgical coal production of 100,000 tonnes; and a royalty of up to US$100 million based on certain metallurgical coal price-linked conditions. The transaction is expected to complete in the 2024 calendar year, subject to satisfaction of conditions precedent, which include approval from Australia’s Foreign Investment Review Board and certain consents required under the Eagle Downs joint venture agreement.

Capital management

On 15 February 2024, the Directors resolved to pay a fully-franked interim dividend of US 0.4 cents per share (US$18 million) in respect of the 2024 financial half year. The dividend will be paid on 4 April 2024. The dividend has not been provided for in the half year consolidated financial statements and will be recognised in the second half of the 2024 financial year.

To manage the Group's financial position and ensure it retains the right balance of flexibility, efficiency and prudence, the Directors have taken the decision to cancel the on-market share buy-back program, which was due to expire on 1 March 2024. Consistent with its unchanged capital management framework, the Group will continue to assess options to return excess cash to shareholders in the most efficient and value accretive manner.

Final investment approval to develop the Taylor deposit

On 15 February 2024, the Directors approved a final investment decision for the development of the Group's Taylor zinc-lead silver deposit within the Hermosa project in Arizona, United States. The Directors have approved direct and indirect capital expenditure of US$2,160 million, in real terms, with construction expected to be funded primarily from the Group's operating cash flows.

No other matters or circumstances have arisen since the end of the period that have significantly affected, or may significantly affect, the operations, results of operations or state of affairs of the Group in subsequent accounting periods.

UK responsibility statements

The Directors state that to the best of their knowledge the Financial Results and Outlook on pages 3 to 30 is compliant with DTR 4.2.7R and DTR 4.2.8R of the Disclosure Guidance and Transparency Rules in the United Kingdom, namely:

(a) includes an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

(b) disclosure has been made for related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the enterprise during that period, and any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

Lead Auditor’s Independence Declaration

A copy of the lead auditor’s independence declaration as required under Section 307C of the Corporations Act is set out on page 54.

Rounding of amounts

The Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 applies to the Group and amounts in the half year consolidated financial statements and this Directors’ Report have been rounded in accordance with this instrument to the nearest million US dollars, unless stated otherwise.

This Directors’ Report is made in accordance with a resolution of the Board.

Karen Wood	**Graham Kerr**
Chair	Chief Executive Officer and Managing Director

Date: 15 February 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of South32 Limited

I declare that, to the best of my knowledge and belief, in relation to the review of South32 Limited for the half year ended 31 December 2023 there have been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Graham Hogg
Partner

Perth

15 February 2024

Independent Auditor's Review Report

To the shareholders of South32 Limited

Conclusion

We have reviewed the accompanying ***Half-year Consolidated Financial Statements*** of South32 Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Consolidated Financial Statements of South32 Limited does not comply with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the Half-year ended on that date; and

(b) complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*

The ***Half-year Consolidated Financial Statements*** comprises:

(a) Consolidated balance sheet as at 31 December 2023;

(b) Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated cash flow statement for the Half-year ended on that date;

(c) Notes 1 to 10 comprising a summary of material accounting policies and other explanatory information; and

(d) The Directors' Declaration.

The ***Group*** comprises South32 Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* and ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Half-year Consolidated Financial Statements

The Directors of the Company are responsible for:

(a) the preparation of the Half-year Consolidated Financial Statements that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and

(b) such internal control as the Directors determine is necessary to enable the preparation of the Half-year Consolidated Financial Statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Consolidated Financial Statements

Our responsibility is to express a conclusion on the Half-year Consolidated Financial Statements based on our review. ASRE 2410 and ISRE 2410 require us to conclude whether we have become aware of any matter that makes us believe that the Half-year Consolidated Financial Statements does not comply with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the Half-Year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of Half-year Consolidated Financial Statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Graham Hogg

Partner

Perth

15 February 2024

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 operations; 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.

NON-IFRS FINANCIAL INFORMATION

This release 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 release 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.

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.

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