

# BMO GLOBAL METALS, MINING AND CRITICAL MINERALS CONFERENCE

26 February 2024



# IMPORTANT NOTICES



This presentation should be read in conjunction with the “Financial Results and Outlook – half year ended 31 December 2023” announcement released on 15 February 2024, which is available on South32’s website ([www.south32.net](http://www.south32.net)).

## **FORWARD-LOOKING STATEMENTS**

This presentation contains forward-looking statements, including statements about trends in commodity prices and currency exchange rates; demand for commodities; production forecasts; plans, strategies and objectives of management; capital costs and scheduling; operating costs; anticipated productive lives of projects, mines and operations; and provisions and contingent liabilities. These forward-looking statements reflect expectations at the date of this presentation, however they are not guarantees or predictions of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. Readers are cautioned not to put undue reliance on forward-looking statements. 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.

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## **MINERAL RESOURCES AND ORE RESERVES**

Information in this presentation that relates to Ore/Coal Reserve or Mineral/Coal Resource estimates for all operations and projects was declared as part of South32’s annual Resource and Reserve declaration in the FY23 Annual Report ([www.south32.net](http://www.south32.net)) issued on 8 September 2023 and prepared by Competent Persons in accordance with the requirements of the JORC Code. South32 confirms that it is not aware of any new information or data that materially affects the information included in the original announcements. All material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. South32 confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

Taylor Mineral Resources: The information in this presentation that relates the to Mineral Resource estimate for the Taylor deposit is extracted from the announcement entitled “Hermosa Project – Mineral Resource Estimate Update and Exploration Results” published on 24 July 2023 and is available to view on [www.south32.net](http://www.south32.net). South32 confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. South32 confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

Taylor Ore Reserves: The information in this presentation that relates to the Ore Reserve estimate for the Taylor deposit 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](http://www.south32.net). South32 confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. South32 confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

## **PRODUCTION TARGETS**

Illawarra Metallurgical Coal: The information in this presentation 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](http://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.

Taylor: The information in this presentation that refers to Production Target and forecast financial information for Taylor is based on Probable (61%) Ore Reserves and Measured (1%), Indicated (5%), Inferred (9%) Mineral Resources and Exploration Target (24%) for the Taylor deposit, and was originally disclosed in “Final Investment Approval to Develop Hermosa’s Taylor Deposit” dated 15 February 2024. The Mineral Resources and Ore Reserves underpinning the Production Target have been prepared by Competent Persons in accordance with the JORC Code. South32 confirms that all the material assumptions underpinning the production target in the initial public report referred to in ASX Listing Rule 5.16 continue to apply and have not materially changed. There is low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target will be realised. The potential quantity and grade of the Exploration Target is conceptual in nature. In respect of Exploration Target used in the Production Target, there has been insufficient exploration to determine a Mineral Resource and there is no certainty that further exploration work will result in the determination of Mineral Resources or that the Production Target itself will be realised. The stated Production Target is based on South32’s current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met. South32 confirms that inclusion of 33% of tonnage (9% Inferred Mineral Resources and 24% Exploration Target) is not the determining factor of the project viability and the project forecasts a positive financial performance when using 67% tonnage (61% Probable Ore Reserves and 1% Measured and 5% Indicated Mineral Resources). South32 is satisfied, therefore, that the use of Inferred Mineral Resources and Exploration Target in the Production Target and forecast financial information reporting is reasonable.

Clark: The information in this presentation that refers to the Production Target for Clark is based on Indicated (69%) and Inferred (31%) Mineral Resources and was originally disclosed in “Hermosa Project Update” dated 9 May 2023. The Mineral Resources underpinning the Production Target is based on Mineral Resources disclosed in South32’s FY23 Annual Report published on 8 September 2023 ([www.south32.net](http://www.south32.net)). South32 confirms that all the material assumptions underpinning the Production Target in the initial public report referred to in ASX Listing Rule 5.16 continue to apply and have not materially changed. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target itself will be realised. The stated Production Target is based on South32’s current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met. South32 confirms that inclusion of 31% of Inferred Mineral Resources is not the determining factor of the project viability and the project forecasts a positive financial performance when using 69% Indicated Mineral Resources. South32 is satisfied, therefore, that the use of Inferred Mineral Resources in the Production Target and forecast financial information reporting is reasonable.

## **EXPLORATION TARGETS AND EXPLORATION RESULTS**

The information in this presentation that relates to the Exploration Targets and Exploration Results for Taylor, Clark, Peake and Flux are extracted from “Final Investment Approval to Develop Hermosa’s Taylor Deposit” released on 15 February 2024, and is available to view on [www.south32.net](http://www.south32.net). The information was prepared by a Competent Person in accordance with the requirements of the JORC Code. South32 confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. South32 confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.



# OVERVIEW

**Our purpose is to make a difference by developing natural resources, improving people's lives now and for generations to come. We are trusted by our owners and partners to realise the potential of their resources**

**We produce commodities critical for a low-carbon future**

**Portfolio of high-quality development projects and options, with the potential to deliver significant growth**

**Our consistent execution is underpinned by our disciplined capital allocation and strong balance sheet**



# OUR STRATEGY

**Our purpose is underpinned by a simple strategy**



## OPTIMISE

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



## UNLOCK

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



## IDENTIFY

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

# OUR PORTFOLIO

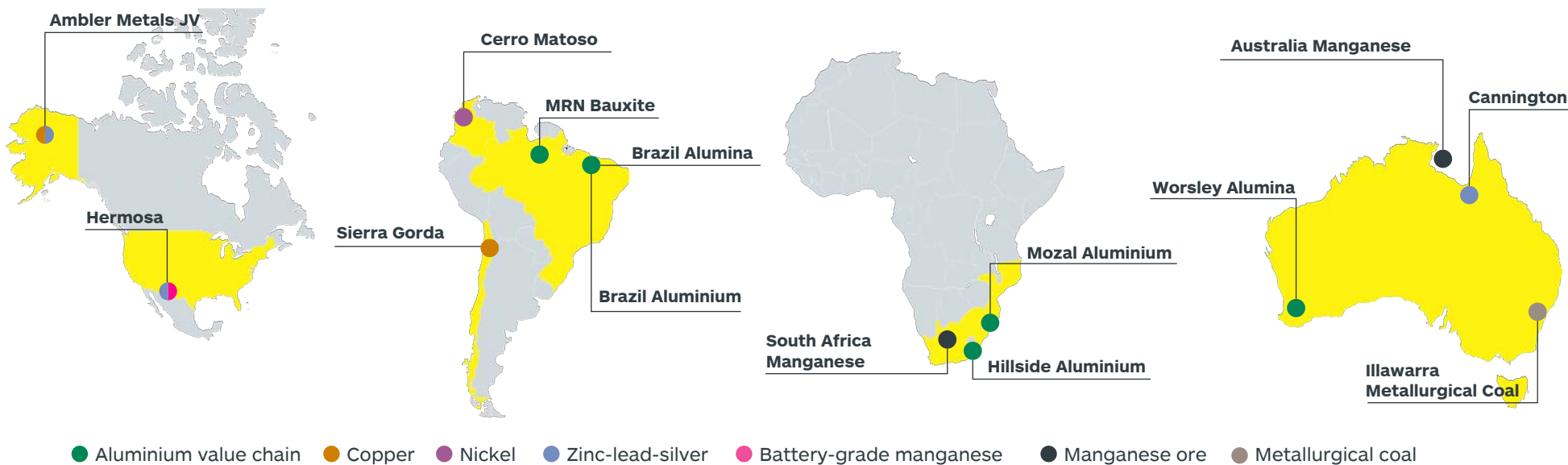


An attractive commodity mix and growth pipeline in commodities critical for a low-carbon future

Embedded near term growth  
in copper and low-carbon aluminium<sup>1</sup>

Unlocking value from our high-quality  
development options in the Americas

Investing to discover our next  
generation of base metal mines  
with over 25 exploration prospects



## Development projects

- Hermosa Taylor zinc-lead-silver
- Sierra Gorda fourth grinding line expansion<sup>(a)</sup>

## Development options in study phases

- Hermosa Clark battery-grade manganese
- Ambler Metals Arctic deposit

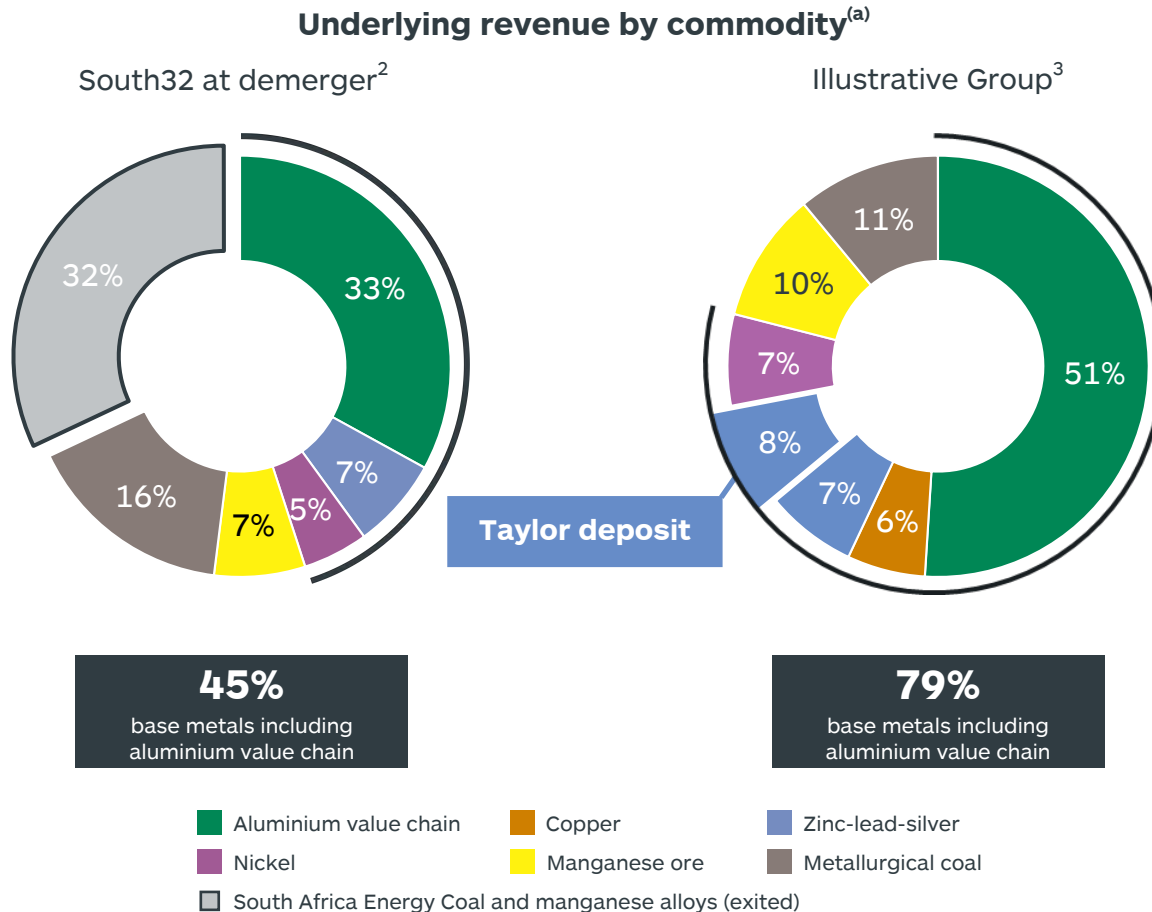
## Greenfield exploration partnerships and prospects in:

- | United States | Canada | Argentina | Australia | Ireland |
|---------------|--------|-----------|-----------|---------|
| ● ●           | ●      | ● ●       | ● ● ●     | ●       |

Notes:  
a. Subject to the completion of a feasibility study and a final investment decision, expected in Q4 FY24.

# DELIVERING ON OUR STRATEGY

**Final investment approval for Taylor is the next step in our portfolio transformation towards critical commodities**



**Divested low returning, capital intensive businesses**

**Doubled our low-carbon aluminium capacity**

**Added Sierra Gorda copper to our portfolio, and targeting projects to unlock future volumes**

**Taylor is expected to reach first production in H2 FY27<sup>(b)</sup> and deliver annual average steady state production of ~290kt ZnEq<sup>4</sup>**

**Advancing Hermosa's Clark deposit and Peake and Flux exploration prospects**

**Advancing 25+ greenfield exploration options in highly prospective regions**

Notes:

a. Presented on a proportional consolidation basis. Excludes third party product revenue and Group and unallocated costs.

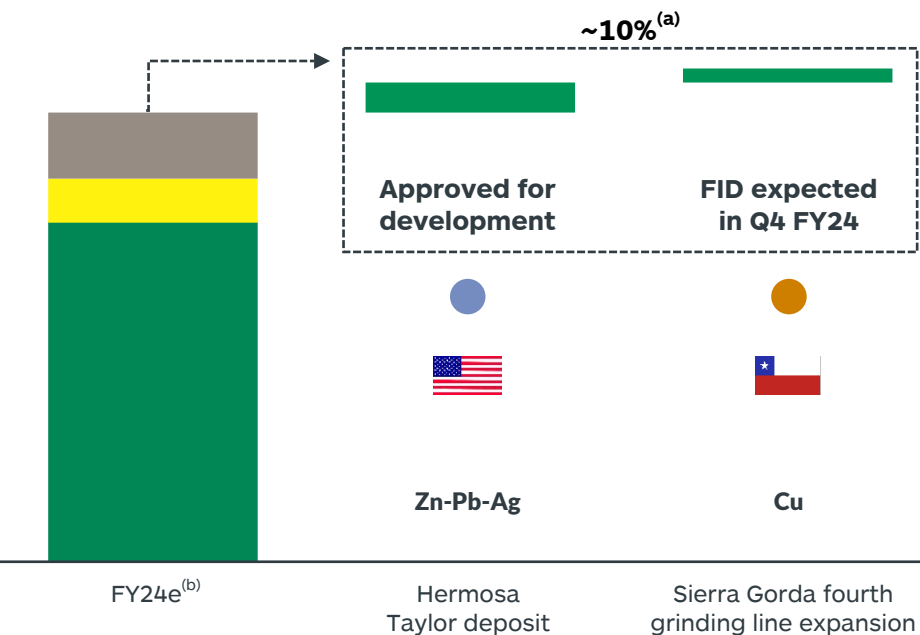
b. Refer to important notices (slide 2) for additional disclosure.

# OUR GROWTH PIPELINE



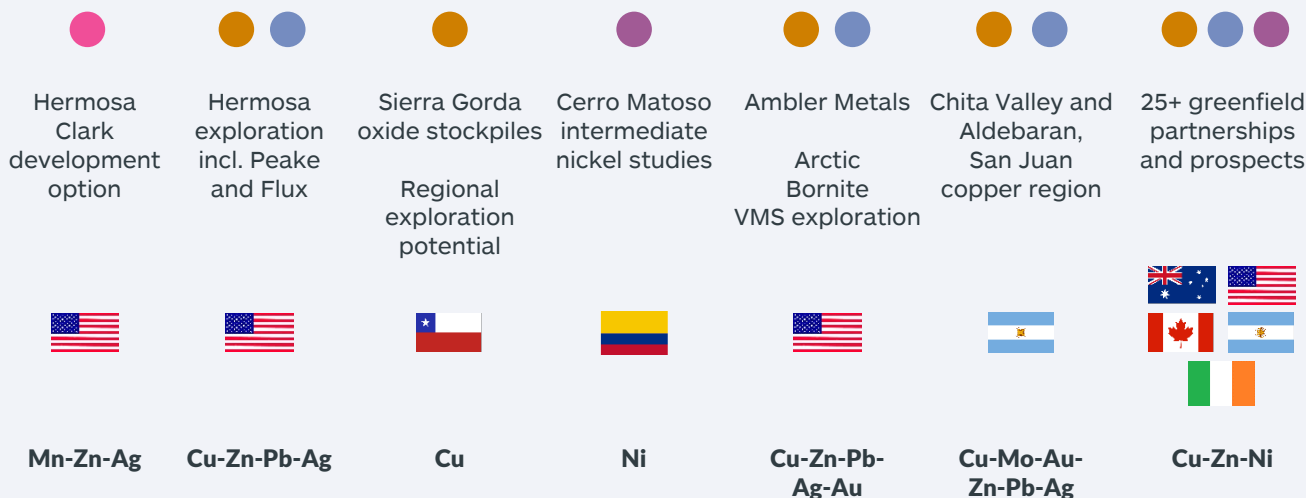
We are unlocking significant value from our growth pipeline in commodities critical for a low-carbon future

## Copper equivalent production<sup>5</sup>



- Base metals including aluminium value chain
- Manganese ore
- Metallurgical coal

## Projects in further study phases and exploration



- Copper
- Zinc-lead-silver
- Nickel
- Battery-grade manganese

Notes:

a. This illustrative analysis is calculated based on:

- production volumes from the Taylor deposit, based on annual average steady state production in the feasibility study (refer to important notices (slide 2) for additional disclosure); and
- further potential production volumes following Sierra Gorda's fourth grinding line expansion, based on an ~18% increase in Sierra Gorda's FY23 production volumes.

There is low level of geological confidence associated with Inferred Mineral Resources for the Taylor Deposit and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target will be realised. The potential quantity and grade of the Exploration Target is conceptual in nature. In respect of Exploration Target used in the Production Target, there has been insufficient exploration to determine a Mineral Resource and there is no certainty that further exploration work will result in the determination of Mineral Resources or that the Production Target itself will be realised.

b. FY24e Group copper equivalent production is based on FY24e production guidance.

# TAYLOR INVESTMENT HIGHLIGHTS



**Taylor is expected to strengthen our portfolio, deliver attractive returns and underpin additional growth at Hermosa**

**1 Increased exposure to attractive zinc markets**

With global zinc demand growth expected to outpace production by ~3Mt to 2031, we expect higher incentive prices for zinc as Taylor ramps up to nameplate capacity

**2 A long-life operation producing critical metals**

Potential top 10 global zinc producer<sup>6</sup> with annual average steady state production of ~290kt ZnEq and an initial operating period of ~28 years<sup>(a)</sup>, with potential to realise further exploration upside

**3 A low-cost operation in the industry's first quartile<sup>7</sup>**

First quartile cost position underpinned by a large, highly efficient underground mine with favourable orebody geometry that enables concurrent mining from multiple independent areas

**4 Expected to deliver attractive returns for decades to come**

Annual average steady state EBITDA<sup>8,9</sup> of ~US\$400M and post tax free cash flow<sup>9</sup> of ~US\$320M, delivering a post tax NPV<sup>10</sup> of ~US\$686M and post tax IRR<sup>11</sup> of ~12%

**5 Unlocks Hermosa's regional scale potential**

Establishes dewatering, power, roads and site facilities that will unlock value for our co-located Clark battery-grade manganese deposit and potential discoveries in our highly prospective land package

Notes:

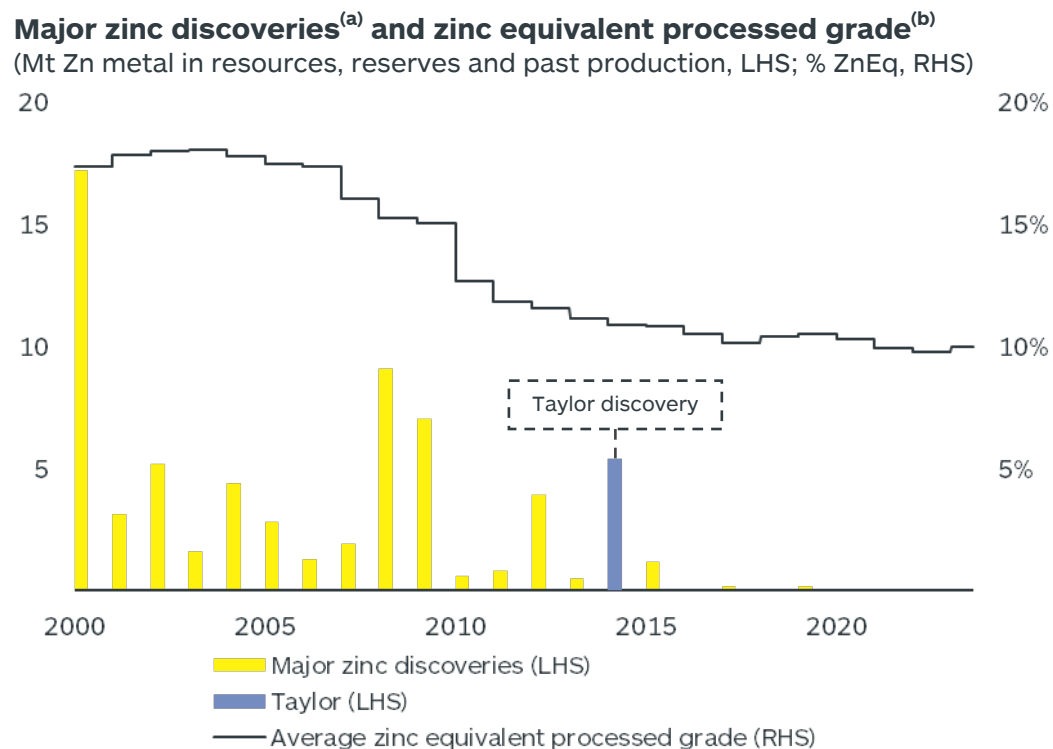
a. Refer to important notices (slide 2) for additional disclosure.



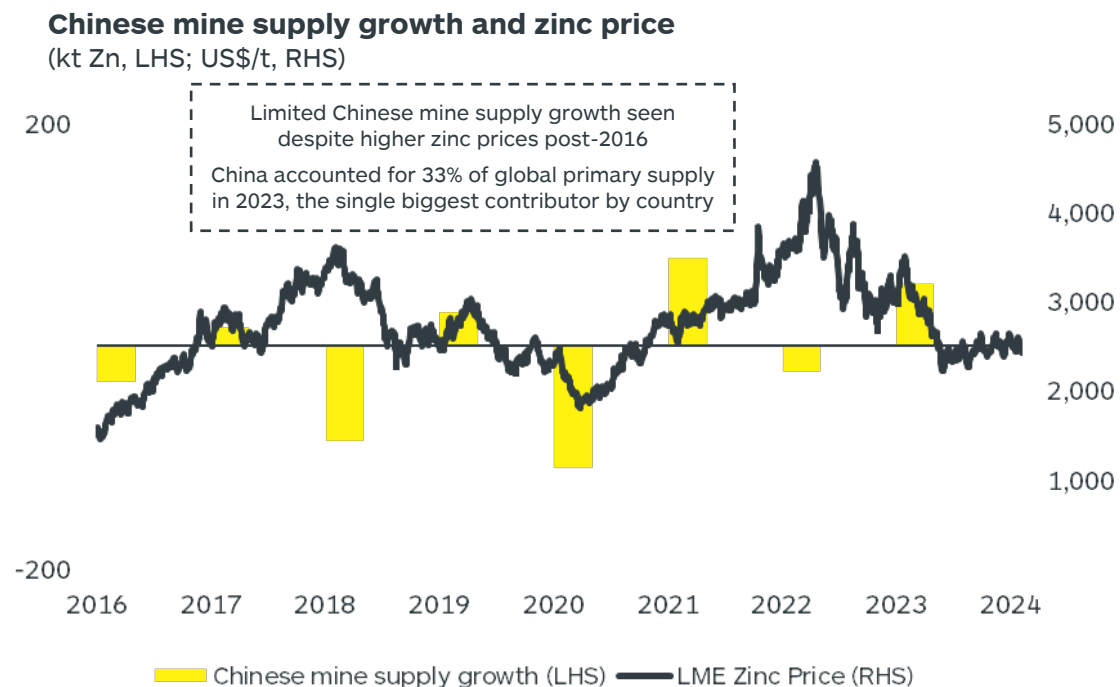
# 1 INCREASED EXPOSURE TO ATTRACTIVE ZINC MARKETS

**Zinc supply is declining due to falling ore grades, a lack of new discoveries and lower Chinese supply**

**Production grades have almost halved since the early 2000s and Taylor has been the only major zinc discovery in the past decade**



**China's supply is constrained by rising environmental regulations and declining ore grades**



Sources: Major zinc discoveries (S&P Capital IQ Market Intelligence). Zinc equivalent processed grade (Wood Mackenzie). Chinese mine supply growth and zinc price (Oneness, South32 analysis, LME).

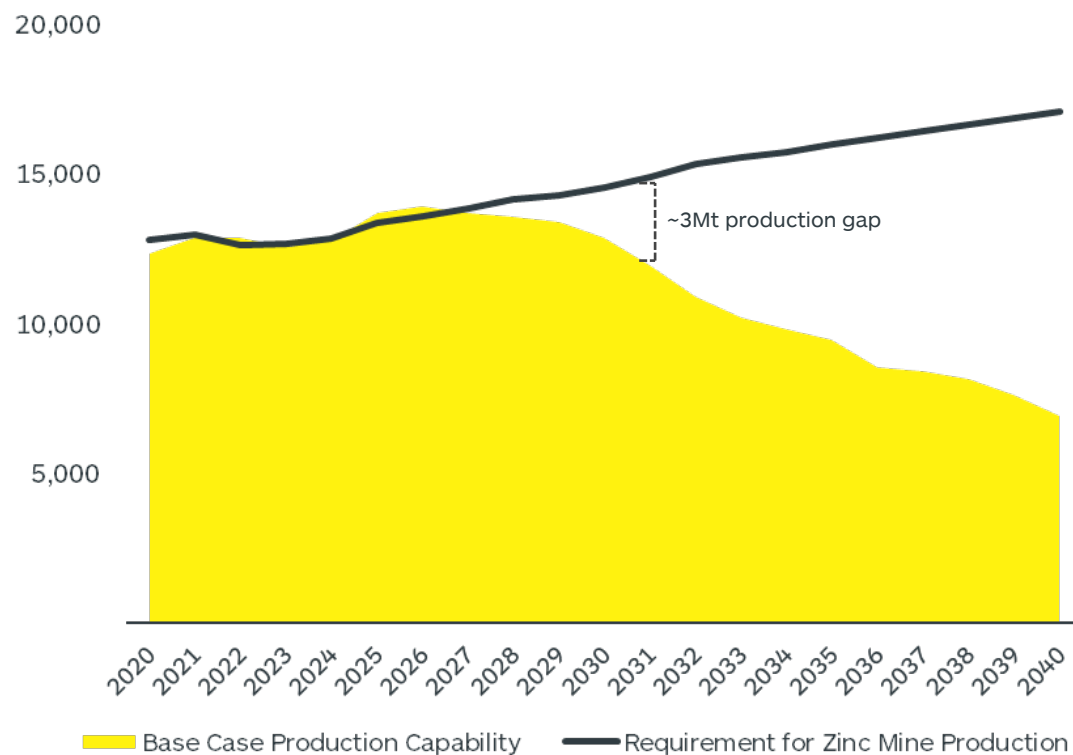
Notes:

- Includes all deposits containing at least 100kt of zinc in reserves, resources and past production. The year of discovery indicates the year of the initial drill program that identified potential mineralisation.
- Zinc equivalent processed grade is based on spot prices as at December 2023.

# 1 INCREASED EXPOSURE TO ATTRACTIVE ZINC MARKETS

**Global demand growth expected to outpace production by ~3Mt to 2031, an industry challenge similar in magnitude to copper**

**Total mine production capability versus zinc demand<sup>(a)</sup>**  
(kt Zn)



**The equivalent of three Taylor-sized projects<sup>(b)</sup> required to be developed each year to meet projected demand**

**Substantial production gap expected to underpin higher incentive prices as Taylor ramps up**

**Our long-term zinc price forecast is shared by leading industry experts<sup>(c)</sup>**

Source: Wood Mackenzie Global Zinc Investment Horizon Outlook (Q4 2023 dataset).

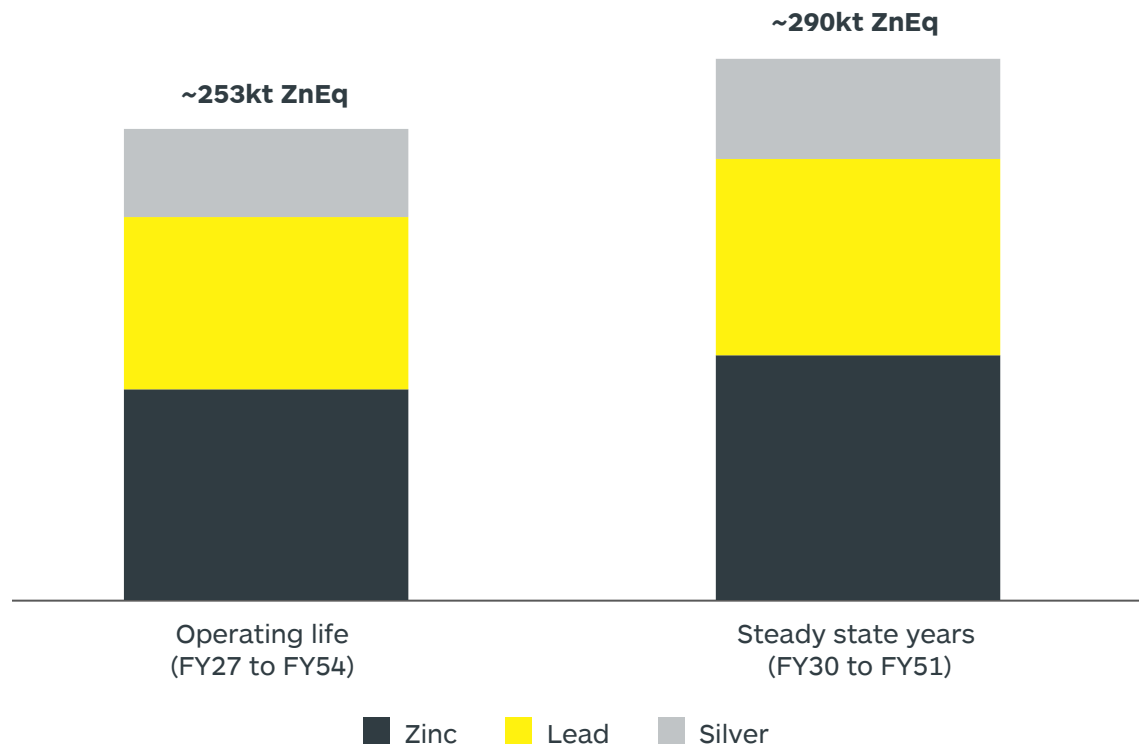
Notes:

- The requirement for zinc mine production illustrates the requirement for zinc in concentrates and represents smelter production adjusted for smelter production losses, zinc from secondary plants and zinc in residues and secondaries.
- Based on Taylor feasibility study annual steady state payable zinc production of 132kt. Refer to important notices (slide 2) for additional disclosure.
- Wood Mackenzie long-term high case price forecast, which is defined by the incentive price required to induce new supply.

## 2 A LONG-LIFE OPERATION PRODUCING CRITICAL METALS

**Taylor is expected to be one of the world's largest, lowest cost zinc producers**

**Payable annual average ZnEq production**  
ktpa



**Highly efficient underground mine and conventional process plant with nameplate capacity of 4.3Mtpa<sup>(a)</sup>**

**Initial operating life of ~28 years<sup>(a)</sup>, with further exploration upside potential, with the deposit remaining open in several directions**

**Expected to add ~8% to Group production, compared to FY23 levels<sup>3</sup>**

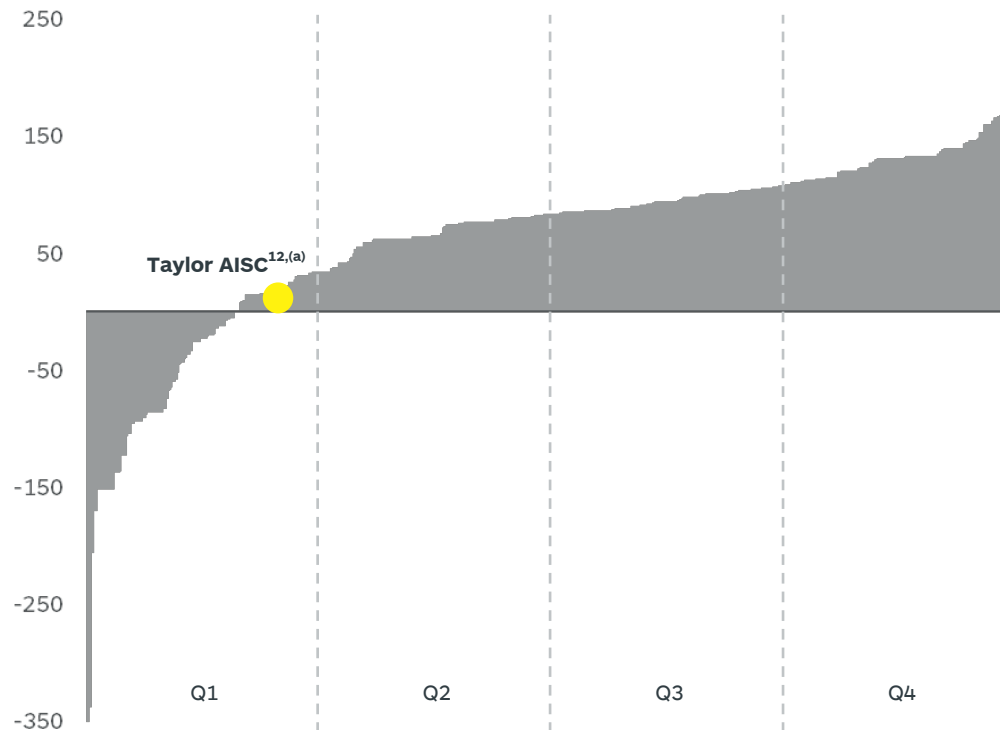
Notes:

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

### 3 A LOW-COST OPERATION IN THE INDUSTRY'S FIRST QUARTILE

**Taylor is expected to sustainably increase Group margins due to its first quartile cost position**

**Zinc total cash and sustaining costs curve CY30**  
(US\$/lb, real 1 January 2024, net of credits)



#### **A low-cost operation in the industry's first quartile**

- Favourable orebody geometry enables a highly efficient underground mine with concurrent mining from multiple independent areas
- Further optimisation of the mine schedule for FAST-41<sup>13</sup> and maintenance efficiencies, have partly offset inflation and higher assumed reagents since the PFS
- Pursuing opportunities to enhance the operation's first quartile cost position, including further optimisation of outbound transport costs, procurement of reagents and consumables

**Operating unit costs<sup>14</sup>**  
~US\$86/t  
ore processed

**Operating unit costs<sup>14</sup>**  
~US\$(0.47)/lb Zn incl.  
lead and silver credits

**All-in sustaining cost<sup>12</sup>**  
~US\$0.16/lb Zn incl.  
lead and silver credits,  
TCRCs and sustaining  
capital expenditure

**Notes:**

a. Based on Taylor's average all-in sustaining cost (AISC) of ~US\$0.16/lb Zn in the feasibility study.



**Taylor's feasibility study has confirmed the potential for attractive returns from Hermosa's first development stage**

#### Feasibility study highlights

Annual average production	~290kt ZnEq in the steady state years
Initial operating life <sup>(a)</sup>	Increased to ~28 years in the feasibility study
Operating unit costs	~US\$86/t ore processed (AISC of ~US\$0.16/lb Zn)
Pre-production capital <sup>(b)</sup>	~US\$2,160M
Sustaining capital (average)	~US\$36M per annum
EBITDA (average) <sup>(c)</sup>	~US\$400M per annum
EBITDA margin (average) <sup>(c)</sup>	~50%
Free cash flow (average) <sup>(c)</sup>	~US\$320M per annum (post tax)
Net present value	~US\$686M (post tax)
Internal rate of return	~12% (post tax)



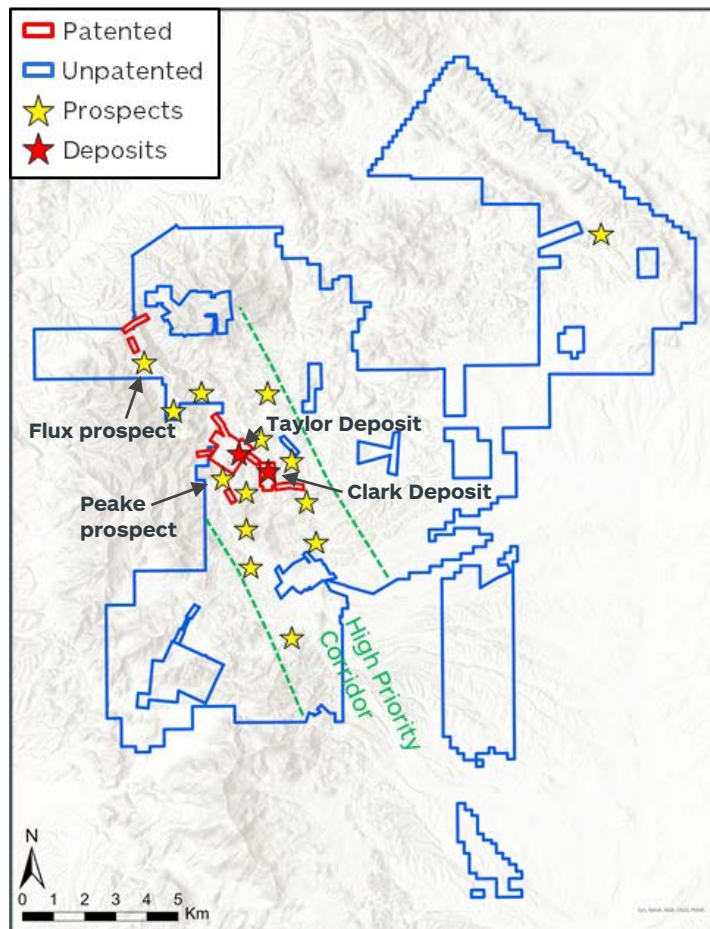
Notes:

- a. Refer to important notices (slide 2) for additional disclosure.
- b. Pre-production direct and indirect capital expenditure from January 2024 to first expected production in H2 FY27.
- c. Average over steady state production years (FY30 to FY51).

## 5 UNLOCKS HERMOSA'S REGIONAL SCALE POTENTIAL

### Infrastructure established at Taylor will unlock value for potential development stages at Hermosa

#### Hermosa land package



#### Taylor zinc-lead-silver deposit

Development approved with first production expected H2 FY27<sup>(a)</sup>

#### Clark battery-grade manganese deposit

A second planned growth phase at Hermosa, with potential to add exposure to the rapidly forming North American EV market<sup>13</sup>

#### Regional resource growth potential

Further drilling at the Peake and Flux prospects underway to follow-up high grade copper and zinc exploration results<sup>14,(a)</sup>

#### Taylor will establish significant shared infrastructure to support additional growth phases at Hermosa

- All dewatering infrastructure to enable access across both Taylor and Clark deposits
- Permanent 138kV transmission line to provide all site power
- Connecting road to state highway for outbound logistics
- Shared site infrastructure, including paste plant and maintenance facilities
- Potential synergies from an integrated underground mining development of Taylor and Clark

Notes:

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



# SUMMARY

**We continue to execute our strategy and our portfolio is well positioned to capitalise on the increasing demand for commodities required for the global energy transition**

**We remain focused on driving operating performance and cost efficiencies across our business**

**Production uplift and commodity price tailwinds expected to support margin expansion in H2 FY24**

**Final investment approval for Hermosa's Taylor deposit is the next step in our portfolio transformation**

**Unlocking further value from our pipeline of growth options in commodities critical for a low-carbon future**

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



# FOOTNOTES



1. Refers to aluminium produced using renewable power.
2. South32 demerged in FY15. Normalised revenue based on FY23 average realised prices at all our operations except for South Africa Energy Coal (SAEC), Tasmanian Electro Metallurgical Company (TEMCO) and Metalloys. For these exceptions, the normalised revenue is based on the average index prices for FY23 except for SAEC's domestic energy coal, which is calculated based on R550/t using a USD:ZAR exchange rate of 17.66. South Africa Manganese ore has been restated to 54.6%.
3. Illustrative Group includes H1 FY24 Group copper equivalent production and the addition of Taylor, which was calculated using FY23 realised prices and annual average Taylor FS production in the steady state years.
4. Payable zinc equivalent was calculated by aggregating revenues from payable zinc, lead and silver, and dividing the total revenue by the price of zinc. Our long-term price assumptions for zinc (US\$3,207/t), lead (US\$2,069/t) and silver (US\$20.2/oz) have been used to calculate payable zinc equivalent production.
5. Group FY24e, Hermosa Taylor deposit and Sierra Gorda fourth line expansion copper equivalent production was calculated using FY23 realised prices for all operations.
6. Based on Wood Mackenzie Asset Profiles for Individual Mines (Q3 2023 dataset), South32 long-term price assumptions for zinc (US\$3,207/t), lead (US\$2,069/t) and silver (US\$20.2/oz), and Consensus Economics price assumptions for other commodities.
7. Based on estimated all-in sustaining costs in the Taylor FS benchmarked against the Wood Mackenzie Zinc Mine Normal Costs League (Q4 2023 dataset). Costs are calculated as the sum of direct costs, indirect cash costs, interest charges and sustaining capital expenditure.
8. The FS has been completed to an AACE International Class 3 estimate standard, with an accuracy level of -10% / +20% for operating and capital costs. The cost estimate has a base date of H2 FY23. Unless stated otherwise, currency is in US dollars (real) and units are metric. Commodity prices assumed for FY27 to FY30 are within the ranges: Zinc US\$2,738/t to US\$3,135/t, Lead US\$2,051/t to US\$2,066/t, Silver US\$20.4/oz to US\$21.4/oz.
9. Average EBITDA, EBITDA margin and net cash flow calculated over steady state production years (FY30-FY51) (real).
10. Post tax net present value assumes a discount rate of 7% and valuation date of 1 January 2024 (real).
11. Post tax internal rate of return (nominal) calculation is reflective of cash outflows from 1 January 2024.
12. AISC includes operating unit costs (including royalties), treatment and refining charges (TCRCs), and sustaining capital expenditure (real).
13. Refer to market release "Hermosa Project Update" dated 8 May 2023.
14. Refer to market release "Final Investment Approval to Develop Hermosa's Taylor Deposit" dated 15 February 2024.

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

The following abbreviations have been used throughout this presentation: Association for the Advancement of Cost Engineering (AACE); silver (Ag); gold (Au); billion (B); copper (Cu); copper equivalent (CuEq); calendar year (CY); estimate (e); earnings before interest, tax, depreciation and amortisation (EBITDA); Title 41 of the Fixing America's Surface Transportation Act (FAST-41); final investment decision (FID); financial year (FY); half (H); Joint Ore Reserve Committee (JORC); joint venture (JV); kilo (k); pound (lb); left hand side (LHS); London Metals Exchange (LME); metre (m); million (M); manganese (Mn); molybdenum (Mo); prefeasibility study (PFS); troy ounces (oz); lead (Pb); quarter (Q); right hand side (RHS); tonnes (t); treatment and refining charges (TCRCs); tonnes per annum (tpa); United States (US); United States dollar (US\$/USD); South African rand (ZAR) and zinc (Zn).



