

Simon Collins PDAC speech – DRAFT
15-20-minute speech (target approx 2000 words)

Welcome:

Good afternoon.

I want to begin by acknowledging that we meet today on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples which is now home to many diverse First Nations, Inuit, and Métis peoples.

I'd also like to acknowledge our industry colleagues and the organisers of this fantastic event and the unique power of PDAC to bring us all together.

About South32:

My name is Simon Collins, and I am the Chief Development Officer at South32.

For those who don't know, South32 was formed in 2015.

We are headquartered in Perth, Australia and listed on the Australian, London and Johannesburg stock exchanges, with a market capitalisation of **approximately 14 billion** US dollars.

South32 is a globally diversified mining and metals company and 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 made significant progress transforming our portfolio, increasing our exposure to the commodities critical to a low-carbon future.

We produce alumina, aluminium, copper, silver, lead, zinc, nickel, metallurgical coal and manganese from our operations in Australia, southern Africa and South America.

We recently added copper to our portfolio, with the acquisition of a 45 per cent stake in the Sierra Gorda mine in Chile, which as of January this year is fully powered by renewable energy.

In the last twelve months, we have doubled our low-carbon aluminium capacity with an additional shareholding in the hydro-powered Mozal Aluminium smelter and the restart of our 100% renewable powered Brazil Aluminium smelter.

We have a pipeline of high quality growth pipeline options, and we are investing to discover our next generation of mines with over 25 exploration programs targeting base metals in locations around the world.

In the Americas, we are active in Argentina, Peru, British Colombia, the southwestern United States and Alaska where we have a significant position via Ambler Metals and our wholly-owned Roosevelt project.

Others at the conference will talk about Ambler Metals' Arctic project but today I want to highlight our Hermosa project in southern Arizona.

Strategic Context:

Hermosa is a poly-metallic development option located near the town of Patagonia, about 80 kilometres south of Tucson and 20 kilometres from Nogales on the USA-Mexico border. The area is rich in mining history.

We acquired Hermosa in 2018, and last year we completed a pre-feasibility study for the zinc-lead-silver Taylor Deposit which demonstrated the potential for the deposit to be the first development of a multi-decade operation, establishing Hermosa as a globally significant producer of commodities critical to a low carbon future.

Work to define the preferred configuration of the Taylor Deposit has continued and we expect to publish a feasibility study and announce a final investment decision in mid-2023.

We also have the spatially-linked zinc-manganese-silver Clark Deposit at Hermosa.

Our work to date has confirmed the potential for the Clark Deposit to produce battery-grade manganese for the growing North American electric vehicle supply chain, with zinc and silver co-products.

We are collecting bulk samples at Clark ahead of pilot plant production of battery grade Manganese from mid-calendar year 2023 to support ongoing customer engagements.

We see Hermosa as a project that is of critical importance - and I use the word "critical" intentionally.

As we all know, the transition to a low-carbon world is gaining speed.

But the transition will require major investment by nations in their infrastructure and supply chains.

The United States cannot decarbonise its largest sources of greenhouse gas emissions – the power and transportation sectors – without ensuring energy security and stabilising its supply chains.

According to the International Energy Agency, demand for manganese for use in batteries is expected to grow between 58x and 92x between 2020 and 2043.

According to the World Bank, demand for zinc will increase 200 per cent by 2050.

Now, juxtapose US climate goals and soaring demand with the fact that there has been no manganese mining in the United States since the 1970s, and today there is no manganese metal production in North America.

In fact, about 97 percent of manganese metal in North America is imported, and the United States is entirely reliant on foreign sources for manganese.

In addition, the United States produces only six percent of the world's zinc and is also highly reliant on imports for this metal.

This much is clear – there must be a significant increase in the production of these and other commodities if we are to make the transition to low-carbon world.

We believe the Hermosa Project will play an important role in meeting this demand.

Manganese and zinc – our two principal commodities at Hermosa – are both US Government-designated Critical Minerals.

And I want to add, regarding manganese in particular, the 2022 Presidential Determination under the United States Defense Production Act, designates manganese among the handful of battery materials considered "essential to the national defense".

This designation opens new avenues for the United States Government to potentially support Hermosa's development, and this is something that we are actively exploring.

The Government's policy priorities, such as the passage of the 2021 Bipartisan Infrastructure Bill and the 2022 Inflation Reduction Act, which contains a commitment to increase US domestic supply of critical minerals, have driven significant new public investment in the United States.

These new laws highlight the urgent need to wean United States off its dependence on foreign supply chains for these minerals – and commits billions of dollars in new federal funding and policy changes to incentivise that transition.

A Next Generation Mine:

Hermosa is South32's first greenfield project and therefore, it is the first project where we have the opportunity create a truly next generation mine, right from the outset, using industry-leading technologies to deliver transformational safety and productivity outcomes and minimise our impact on the environment.

We intend to use automation in our underground mine, operated from an integrated remote operations centre.

We see a real opportunity to reduce risk by utilising remotely operated equipment to drill, blast, muck and haul. And where people are underground and interacting with equipment, it would be in workshops or equipment bays; environments with enhanced controls.

We are applying technology and low-carbon design principles in our design and engineering plans, including an all-electric vehicle fleet, powered by renewable energy.

And we are designing Hermosa to source its broader power supply from renewable energy, which could underpin new renewable energy capacity and infrastructure across the local region.

This is in line with our group-wide long-term goal to achieve net zero operational greenhouse gas emissions by 2050 and our medium-term target to halve our operational greenhouse gas emissions by 2035.

Community Context

Consistent with our purpose, Hermosa would make a lasting contribution, improving people's lives in nearby communities now and for generations. Through employment, social investment, supplier development and fiscal contributions we will make a meaningful difference to the economy of Santa Cruz County.

The county seat of Nogales serves as one of the largest US-Mexico ports of entry, with almost 50 percent of the nation's food produce passing through its gateways each year. Yet nearly 25 percent of Santa Cruz residents live below the poverty line, and the county's unemployment rate is consistently 50 percent above the state average. We believe Hermosa would help to bring renewed prosperity to the region and create significant new employment opportunities.

We are committed to developing a homegrown workforce for Hermosa, with the next-generational skills needed to bring the project to life.

As well as prioritising local hiring, we would work in partnership with the region's secondary and post-secondary institutions, and with local tribal communities, to help young people develop the skills they need for a rewarding career in the mining industry.

A Sustainable Approach:

I've spoken today about why we think Hermosa is an important project, not only for our business but for the broader community.

But before I conclude I want to touch on how we work and the emphasis we place on sustainable development.

Effective environmental management is essential to us, and at all our operations globally we are committed to protecting natural resources including water, biodiversity, air and surrounding ecosystems.

At Hermosa, we intend to safeguard wildlife and biodiversity by designing the project in such a way that avoids and minimises adverse impacts.

Wildlife and biodiversity monitoring has been ongoing at Hermosa since 2013, and we regularly conduct surveys for plants and aquatic species which helps to inform our approach.

We also understand that we have an important role to play in preserving cultural heritage.

We are working to build strong relationships with local tribes that have cultural ties to the project area and lands neighbouring Hermosa.

Our team at Hermosa will continue to welcome and engage in discussions with local tribes on project plans to understand historic connections to the project area and surrounding region.

And we have completed on a comprehensive voluntary cultural resource survey on our claims in the accompaniment of tribal monitors to identify and preserve culturally significant locations.

At South32, we are passionate about supporting and building meaningful relationships in the communities where we operate. We actively engage with stakeholders to understand their interests and aspirations and identify opportunities to work together to create shared value

I have outlined the significant jobs and investment that the Hermosa project could create for the region surrounding the project.

But I also want to highlight the types of community investments we have made at Hermosa - and hope to continue making in the years ahead.

To date, we have set up and are facilitating the donor-advised South32 Hermosa Community Fund which helps support non-profits based in Santa Cruz County.

As of late 2022, the Fund has awarded \$686,450 to 42 different non-profit organizations for 81 projects.

We have also invested over \$2 million in key infrastructure and social service improvements in Hermosa's neighboring communities, which include road upgrades and support for STEM education programs for school-age children.

Conclusion

In summary, we believe the Hermosa project has immense potential.

It would help strengthen supply chains for battery-grade manganese and zinc at a time when demand for those commodities and other critical minerals is expected to grow significantly.

Hermosa presents us with a rare opportunity.

It is an opportunity to sustainably produce commodities that are critical for the transition to a low-carbon world. And to do so in a way that can change people's lives for the better now and for generations to come.

Thank you for your interest and attention – and I'm happy to use my remaining time to take questions.

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