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Hi everyone

It's great to be back at the Global Metals, Mining & Steel Conference, during what is really a transformational time for South32, as we approach our seventh anniversary as a company.

I'm really looking forward to taking you through where we are at now and where we are heading in coming years, as we continue to undergo positive change and work to reshape our portfolio. And we have a lot to talk about in that space, so I'll get straight into it.

So, what does South32 look like in 2022? The short answer is, very different to the South32 of even 12 months ago and significantly different to how we looked at the time of demerger in 2015.

One thing that hasn't changed is our purpose. That 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.

Shortly I will take you through some of the changes that have taken place already and those that are underway, that have enabled us to become the company we are today – a truly global, diversified producer of the metals critical to a low carbon future.

Our favourable commodity mix and recent portfolio improvements supported record earnings and shareholder returns in the first half. As you can see, we are expecting growth of more than 20 per cent from our financial year 21 baseline in the next financial year

Beyond 2023, we have further significant growth potential, with study outcomes for our world class development options in North America underlining their potential to supply critical minerals into the future. None of this would be possible without our consistent execution and strong balance sheet.

Our strategy is simple - optimise, unlock and identify. It's at the core of everything we do and it's underpinned by a disciplined approach to capital management. To run you through our strategy, we optimise our business by working safely, by minimising our impact, by delivering stable and predictable performance and by continually improving our competitiveness.

We unlock the full value of our business through our people, innovation, projects and technology, and we identify opportunities to sustainably reshape our business for the future and create enduring social, environmental and economic value.

Our capital management framework supports investment in our business and rewards shareholders as performance improves. It centres on maintaining safe and reliable operations and an investment grade credit rating through the cycle, distributing a minimum 40 per cent of underlying earnings as ordinary dividends.

And you can see how our framework is producing results. Since demerger, $4.4 billion has been returned to shareholders, we've directed $3.1 billion to acquisitions to create value by improving our portfolio, and $4.1 billion has been invested in our existing operations to optimise and unlock value, while retaining about $400 million to strengthen our balance sheet.

Our approach of prioritising high-returning options that compete for capital has seen us deliver a very strong return on invested capital of 25 per cent in the first half of FY22.

I've seen time and time again the positive impact mining can have on the world and we know we have an important role to play in delivering outcomes that benefit all our stakeholders. Our approach to sustainability focuses on five interconnected pillars, which you can see on the left of the slide.

We have a significant amount of work underway to improve our safety performance. The most important commitment we make is that everyone at South32 goes home safe and well at the end of their shift.

In 2021 we embarked on a critical program of work to achieve a step-change in our safety performance and support our aspiration to become an industry leader in safety. As I say to our people – nothing else really matters if we don't get this right.

We are equally committed to creating a work environment where everyone feels safe psychologically, no matter their background or the role they play in our business. Following a review of our inclusion and diversity performance and practices, we developed an action plan to continue to improve the way everyone experiences our culture.

The Inclusion and Diversity Action Plan sets out our vision to embed inclusion and diversity into everything we do.

Moving now to the action we are taking to address climate change. Within 12 months of being established, South32 set a goal of achieving net zero operational carbon emissions by 2050, and we have since set a target to halve our operational carbon emissions, that is Scope 1 and 2, by 2035.

We are directing capital towards projects that will help us achieve these targets and we are pleased that our progress across sustainability is being recognised by our third-party ESG ratings agencies.

This slide starts to tell the story of how our business has evolved since demerger. The foundation of our business at demerger focused largely on quality manganese ore, alumina and coal for steelmaking but we have shifted our focus to the commodities needed for a low carbon future.

You can see on this slide that since 2015, we expect our exposure to the metals critical to a low carbon future to increase from 53 per cent to 74 per cent and we are seeking to further increase this exposure through our growth options.

If you look at the graph on the right of this slide, you can see that over time, we expect group margins to benefit from this change, following our exit from lower returning businesses, including energy coal and manganese alloys.

Our portfolio has undergone substantial improvements over the past 12 months and we have a pipeline of projects to improve productivity and grow volumes into structurally attractive markets.

We've recently added copper, through the acquisition of our 45 per cent interest in Sierra Gorda copper mine in Chile and we were pleased to report copper production for the first time during the March quarter. We also delivered first metal from the restart of the 100 per cent renewable-powered smelter at Brazil Aluminium.

Our next phase of growth is expected to come from our base metals development options in North America, a strategically important jurisdiction for critical minerals. And we continue to invest to discover our next generation of mines, with more than more than 25 active exploration programs underway.

As a result of our recent strong performance, we have generated significant annualised cash flow in the past four months and we are continuing to direct this towards investments that improve our portfolio, fund record shareholder returns and maintain our strong balance sheet.

Our financial position is strong. We finished April with net debt of US$6 million, we retain significant access to liquidity and recently completed the refinancing of our short-term facility that supported the acquisition of Sierra Gorda.

Looking forward, we expect the current build in working capital to partially unwind as we realise the benefit of initiatives implemented across our portfolio and congestion in supply chains alleviate.

Turning to our capital expenditure outlook. We will continue to allocate capital in a way that prioritises safe and reliable operations, while directing investment towards decarbonisation to achieve our targets and delivery of our attractive growth pipeline.

Across our portfolio, we are seeing opportunities to make investments in our business, supported by attractive long-term dynamics for the commodities we produce.

This slide shows that spend is increasing in the medium term, as we invest in high-returning projects to improve and extend the life of our operations in copper, aluminium, nickel and manganese and grow the business with our investment in the zinc-lead-silver Taylor project at Hermosa, which I'll talk about soon.

As well as investing in our business and its growth, the disciplined application of our capital management framework and strong balance sheet means shareholders benefit as our financial performance improves.

Through our capital management program, we have returned US$1.8 billion to shareholders over the past five years, with US$268 million still to return. Returns to shareholders via our ongoing capital management program have contributed to more than doubling our base returns ratio to 83 per cent of underlying earnings

Our on-market share buy-back has reduced our shares on issue by 13 per cent since inception, further benefitting the per-share dividends that shareholders receive through time.

The next three slides will take you through some of the key areas of our business. To start with our alumina and aluminium operations, we have an integrated position that allows us to benefit as value shifts up and down the value chain through our bauxite mines and refineries and our aluminium smelters.

We continue to deliver incremental improvements with de-bottlenecking at our alumina refineries, following a significant investment in that area.

We have studies underway to deliver decarbonisation targets at Worsley Alumina and we completed the acquisition of an additional stake in the MRN bauxite mine in early May, further integrating our Brazilian operations. We are also growing our green aluminium position, which I'll discuss shortly.

Our base and precious metals operations are diversified across copper, nickel, zinc, lead and silver. In February, we acquired a joint control interest in Sierra Gorda, a large open cut operation in the prolific copper-producing Antofagasta region of Chile.

At Cannington, our underground silver, lead and zinc mine in Queensland, the ore body optimisation is supported by the operation's transition to 100 per cent trucking in the current quarter, allowing further high-grade material to be brought forward without adding costs.

At Cerro Matoso, our integrated open-cut nickel ore mine and ferronickel smelter, we're on track to complete the OSMOC improvement project, providing us with the option to further improve volumes. The successful completion of OSMOC may satisfy our option to extend the life of the mine by 15 years.

Now to update you on our steelmaking raw materials business. We produce high quality manganese ore in Australia and South Africa as well as coking coal for steelmaking at our Illawarra mines in Australia.

We have increased Manganese ore volumes by 21 per cent since demerger and we are undertaking studies and exploration programs to extend the life of GEMCO, our open cut manganese mine in Australia, and to assess the potential expansion and modernisation of rail loading infrastructure at Wessels in South Africa.

At Illawarra Metallurgical Coal, we recently re-submitted environmental approvals for the continuation of our mining activities at Dendrobium, part of that mining complex. If approvals are granted and the project is approved by our Board, it would extend the life of Dendrobium to around 2041.

Turning now to our growing production profile. We expect to benefit from recent investments in new operations and improvement projects, which we expect will grow our Group-wide copper equivalent production by 20 per cent in the next financial year.

This includes volumes from Sierra Gorda, the restart of Brazil Aluminium with renewable power, and our agreement to increase our ownership in Mozal Aluminium. Lastly, improvement projects and capacity creep across our existing operations are expected to see volumes lift year on year.

Just to expand a little on Sierra Gorda - it's a large, open pit copper mine that brings immediate volume and future growth optionality to our portfolio. We believe it was acquired at a compelling valuation and will immediately contribute to improving our Group margins.

It is a substantial copper business, benefitting from more than $5 billion of historical investment, on a 100 per cent basis.

We were attracted to Sierra Gorda for a number of reasons. Although the operation got off to a difficult start after its opening in 2014, prior to our ownership we identified that the team on the ground had made sustainable, long-term improvements, supporting record production and plant throughput in 2020 and 2021.

It has excellent access to labour, infrastructure and renewable power and as you can see, there are multiple opportunities to unlock further upside at this operation in areas that are already in execution like the plant debottlenecking project and additional options to increase volumes that are in their study phase including oxide processing and the expansion of the plant with a fourth line.

It also has the potential for regional exploration within a large land package that has a number of identified targets.

I've already spoken briefly about our exposure to green aluminium, and I'd like to go into a little more detail on our near-term growth. We expect our share of green aluminium production to double in the next 12 months with the restart of the Brazil Aluminium smelter and assuming our increased shareholding in Mozal Aluminium.

We produced our first metal from the Brazil Aluminium smelter just last month, which is powered by 100 per cent cost efficient renewable power, putting it in the second quartile of the global aluminium site cost curve.

If all goes to plan, we expect the smelter to achieve nameplate capacity in the third quarter of FY23. The restart further integrates our Brazilian business, with our share of alumina to be sourced from the co-located Alumar refinery and our acquisition of an additional stake in the MRN bauxite mine securing increased access to bauxite for our integrated aluminium supply chain.

Now to where we see the next phase of our growth, which is expected to come initially through our development options in North America. You can see here that the Hermosa Project's Taylor Deposit is now in the Feasibility stage, which is assessing its potential to be a sustainable, low-cost zinc, lead and silver operation, ahead of a Final Investment Decision, which is expected in 2023.

We also have a second project at Hermosa named Clark, in pre-feasibility phase. Our 50 per cent owned Arctic project at Ambler Metals is also in the Pre-feasibility stage, and we then have multiple exploration and study phase projects across our portfolio, providing further opportunities to expand volumes.

They include the Sierra Gorda copper oxide project, as well as the regional exploration I mentioned earlier, the Hermosa Regional Exploration program including the Peake and Flux prospects, our regional exploration program at Ambler, as well as more than 25 greenfield partnerships in attractive jurisdictions targeting the discovery of our next generation of base metals mines.

I'll talk briefly about the Hermosa project in Arizona. When we talk about Hermosa, we talk to three sources of value – The Taylor Deposit, the Clark deposit and the regional land package. As I said, Taylor is now in the Feasibility stage.

The recently completed PFS demonstrated its potential to be a globally significant and sustainable producer of metals critical to a low carbon future, in the first quartile of the industry cost curve.

Taylor is a large Mineral Resource has further extension potential. With an initial resource life of about 22 years, it remains open at depth and laterally. We believe it has the potential to be a large scale, highly productive underground mine, supported by dual shaft access prioritising higher grade ore in early years.

The project is located close to infrastructure, skilled service providers and the increasing critical supply chains of North America. Separately, a scoping study for the Clark Deposit has confirmed its potential to produce battery-grade manganese.

When it comes to exploration, we have established options to discover our next generation of base metal operations. We were an early mover in exploration, and that helped us to unearth the Hermosa and Ambler Metals projects. We expect to spend around US$60 million in FY22 on a strategy to identify, advance and cycle options.

Lastly, looking at our current commodity mix. Our presentation is supported by a series of slides that go into some of the individual dynamics of each of our markets. While I won't go into that detail, this slide shows that many of our commodities continue to benefit from supportive short-term dynamics, which are providing a boost to our revenue.

More importantly though, we see many of our commodities as structurally aligned to the transition to a low carbon world, meaning that chart on the left-hand side at the top reflects what we consider to be a very attractive mix of exposures.

Through the work we've undertaken to improve our portfolio, we are in a strong position to benefit from the world's transition to a low carbon future. Clearly, we expect the demand will be there, particularly when you look at the 1.5 degrees scenario from 2020 to 2050.

And it's not hard to see why, when you look at the uses for these materials. Aluminium benefits from higher intensity of use in electric vehicles and substitution of fossil fuel-based plastics in packaging.

Copper is a key metal used in EVs, charging infrastructure and renewable energy. Zinc protects metals against corrosion and is used as coating in wind turbines and solar panels, which could increase tenfold in the 1.5 degrees scenario.

Lead is impacted by reduced demand for lead batteries in motor cars but that is partly offset by higher demand for use in energy storage systems, and Manganese has the potential to displace cobalt in lithium-ion batteries.

When you look at each of these materials, you can see why we identified the need to shift our portfolio and why I'm excited about the potential from the changes we have made.

I hope this presentation has given you an understanding of our journey from demerger, through to today. We could not have got to this point without our people, whose passion, expertise and hard work cannot be overstated.

I'd like to sincerely thank our teams across the world for their contribution to our business, and our story.

Over the past seven years, our business has undergone a major transition, so much so that the South32 at demerger is almost unrecognisable compared to where we are now - a truly global, diversified producer of the metals critical to a low carbon future, as we continue to run our remaining businesses well.

When I think about the tailwinds from our favourable commodity mix and recent portfolio improvements supporting record earnings and shareholder returns, the past 12 months have been some of the most exciting in our history.

And there's a lot more to come, when you look at the opportunities presented by our existing operations, our development options and exploration projects.

Thank you.