APPENDIX 4E
SOUTH32 LIMITED

(ABN 84 093 732 597)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

This page and the accompanying 48 pages comprise the year end financial information given to the Australian Securities Exchange (ASX) under Listing Rule 4.3A. This statement includes the unaudited consolidated results of the South32 Group for the year ended 30 June 2023 (FY23) compared with the year ended 30 June 2022 (FY22).

Figures in italics indicate that an adjustment has been made since the financial information was previously reported.

US$M	FY23	FY22	%
Underlying revenue	9,050	10,630	(15%)
Profit/(loss) after tax	(173)	2,669	N/A
Underlying earnings	916	2,602	(65%)

NET TANGIBLE ASSETS PER SHARE

Net tangible assets per ordinary share were US$2.02 as at 30 June 2023 (US$2.29 as at 30 June 2022)(1).

DIVIDENDS

The Board has resolved to pay a final dividend of US 3.2 cents per share (fully-franked) for the year ended 30 June 2023.

The record date for determining entitlements to dividends is 15 September 2023; payment date is 12 October 2023.

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FINANCIAL RESULTS AND OUTLOOK YEAR ENDED 30 JUNE 2023

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

24 August 2023

South32 delivers strong growth in commodities critical for a low-carbon future

"We continued our work to fundamentally shift our safety performance following the devastating loss of two of our colleagues, Mr Cristovão Alberto Tonela and Mr Alfredo Francisco Domingos João, in a fatal incident at Mozal Aluminium in November 2022.

"We are working to enhance our safety culture through the use of our 'safety guarantee' – an internal approach where each of us stop and ask ourselves whether we can guarantee our own safety and that of our colleagues before undertaking each task.

"During the year, we delivered strong production growth in commodities that are critical for a low-carbon future. We set three annual production records and realised the benefit of our recent portfolio improvements, increasing aluminium production by 14 per cent, base metals by 17 per cent and manganese by 4 per cent.

"This growth, coupled with our continued focus on cost efficiencies, underpinned one of our largest underlying financial results, with Underlying EBITDA of US$2.5 billion. This was achieved despite lower commodity prices and industry-wide inflationary pressures.

"A record US$1.2 billion was returned to shareholders during the 2023 financial year and the Board has today resolved to pay a fully-franked ordinary dividend of 3.2 cents per share or US$145 million in respect of the June 2023 half year.

"Reflecting our disciplined approach to capital management, the Board has also resolved to further expand our capital management program by US$50 million to US$2.4 billion, leaving US$133 million to be returned by 1 March 2024.

"We invested to grow our future production of critical commodities and achieved significant milestones at our Hermosa project in Arizona, the first mining project added to the FAST-41 process. We are on-track to make a final investment decision to develop Hermosa's Taylor base metals deposit in FY24, and continue to progress the opportunity at Hermosa's Clark deposit to supply battery-grade manganese for rapidly forming North American markets.

"Sierra Gorda continued work on its capital efficient plant de-bottlenecking project and advanced studies for the fourth grinding line expansion, designed to deliver a significant uplift in future copper production.

"We added further greenfield exploration options as we worked to discover our next generation of base metals mines, consolidating our position in San Juan, Argentina.

"We continue to execute our strategy and our portfolio is leveraged to the increasing commodity demand required for the global energy transition."

Graham Kerr, South32 CEO

Financial Highlights			
US$M	**FY23**	**FY22**	**% Change**
Revenue	7,429	9,269	(20%)
Profit before tax and net finance income/(costs)	198	3,724	(95%)
Profit/(loss) after tax	(173)	2,669	N/A
Basic earnings per share (US cents)(2)	(3.8)	57.4	N/A
Ordinary dividends per share (US cents)(3)	8.1	22.7	(64%)
Special dividends per share (US cents)	-	3.0	N/A
Other financial measures			
Underlying revenue(4)	9,050	10,630	(15%)
Underlying EBITDA(5)	2,534	4,755	(47%)
Underlying EBITDA margin(6)	29.4%	47.1%	(17.7%)
Underlying EBIT(5)	1,616	3,967	(59%)
Underlying EBIT margin(7)	18.7%	39.4%	(20.7%)
Underlying earnings(5)	916	2,602	(65%)
Basic Underlying earnings per share (US cents)(2)	20.0	56.0	(64%)
ROIC(8)	10.0%	*33.0%*	(23.0%)
Ordinary shares on issue (million)	4,545	4,628	(2%)

SAFETY

Tragically, two of our colleagues, Mr Cristovão Alberto Tonela and Mr Alfredo Francisco Domingos João, lost their lives in a fatal incident at Mozal Aluminium in November 2022. Our deepest sympathies remain with their families and colleagues to whom we have provided support and counselling.

In response to the incident, we implemented additional controls including exclusion zones and controlled access, to all other raising girders at Mozal Aluminium and Hillside Aluminium. Learnings were shared across our business with immediate action recommendations where relevant. We also commenced work with the original equipment manufacturer to identify further safety improvements which could be made, including replacing critical components in all girders.

We use a range of leading and lagging indicators to assess our safety performance. Total recordable injury frequency (TRIF)[9][10] for FY23 was 5.9 (FY22: 5.3), while lost time injury frequency (LTIF)[9][11] improved to 1.4 in FY23 (FY22: 2.0). Significant hazard frequency[12] increased to 91.6 for FY23 (FY22: 72.0), indicating improved hazard awareness and a positive reporting culture.

We continued to implement our multi-year Safety Improvement Program, launched in FY22. The program aims to shift mindsets through leadership, empower our people, reduce risks with effective controls, and improve systems and metrics. Our investment in safety leadership includes our 'Lead Safely Every Day' program which supports our leaders to engage their teams on our 'safety guarantee', creating a sense of chronic unease to enhance our safety culture. Lead Safely Every Day commenced in FY23 and will continue in FY24.

Contractors make up a large proportion of our workforce. In FY23, we continued to implement our contractor management system of work which is designed to support contractors to work safely through effective risk management, capability building, and system and process improvement.

PERFORMANCE SUMMARY

The Group's statutory profit after tax decreased by US$2,842M to a loss of US$173M in FY23, following the recognition of a non-cash impairment expense of US$1,300M in relation to the Taylor deposit at our Hermosa project[13].

We increased our supply of commodities critical for a low-carbon future, recording strong production growth in aluminium (14%), base metals (17%)[14] and manganese (4%), as we realised the benefit of recent portfolio improvements and achieved annual production records at Hillside Aluminium, Australia Manganese and South Africa Manganese.

Underlying earnings decreased by US$1,686M to US$916M as lower commodity prices from record levels in many markets in the prior period, and higher inflation and uncontrollable costs, more than offset higher production volumes. A reconciliation of statutory profit to Underlying earnings is set out on page 6.

Underlying EBITDA decreased by US$2,221M to US$2,534M in FY23, for a Group operating margin[6] of 29%. This represented one of our largest Underlying EBITDA results, despite lower commodity prices and uncontrollable cost impacts. Our investments in Sierra Gorda and increased ownership in Mozal Aluminium contributed Underlying EBITDA of US$240M at an operating margin of 38%. Free cash flow from operations, including equity accounted investment (EAI) distributions, was US$244M, impacted by a build in inventories and one-off cash tax payments in relation to our Sierra Gorda acquisition and non-core royalty sale[15].

We returned a record US$1,225M to shareholders during FY23, with US$1,007M in fully-franked ordinary and special dividends, and US$218M via our on-market share buy-back. We have today announced a fully-franked final ordinary dividend of US$145M (US 3.2 cents per share) in respect of H2 FY23, and expanded our capital management program by US$50M leaving US$133M to be returned by 1 March 2024[16], reflective of our disciplined approach to capital management.

We continue to prioritise a strong balance sheet and investment grade credit rating through all cycles. We finished the period with net debt of US$483M, following the return of record amounts to shareholders and our investments to grow production volumes of commodities critical for a low-carbon future. This strong platform and our disciplined approach to capital management provides us with the flexibility to continue to return capital to shareholders in the most efficient and value accretive manner, while investing in our high-quality growth options.

Specific highlights for FY23 included:

- Record annual production at three operations;
- Embedded portfolio improvements in copper and low-carbon aluminium[17];
- 15% production growth[18] in aluminium and base metals;
- Record US$1.2B returned to shareholders, equivalent to 11% of our current market capitalisation[19];
- Advanced our portfolio of high-quality growth options, progressing work to support planned investment decisions for the development of Hermosa's Taylor zinc-lead-silver deposit and the Sierra Gorda copper expansion in FY24;
- Confirmed the opportunity to produce battery-grade manganese from Hermosa's Clark deposit and signed multiple non-binding, non-exclusive memorandums of understanding for future potential supply into North American markets;
- Consolidated our position in San Juan, Argentina, exercised our earn-in right for a 50.1% interest in the Chita Valley copper prospect[20] and acquired a strategic interest[21] in Aldebaran Resources Inc.;
- Advanced near-term decarbonisation programs to support our target[22] to halve operational greenhouse gas (GHG) emissions by 2035, with Worsley Alumina on-track to convert its first onsite boiler from coal to natural gas in Q1 FY24;
- Sierra Gorda transitioned to cost efficient, 100% renewable electricity supply from January 2023; and
- Progressed partnerships to address value chain emissions and expanded our climate change goals[23] to include net zero Scope 3 GHG emissions by 2050.

EARNINGS RECONCILIATION

The Group's statutory profit after tax decreased by US$2,842M to a loss of US$173M in FY23, including the US$1,300M non-cash impairment of Hermosa's Taylor deposit, while Underlying earnings decreased by US$1,686M to US$916M.

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$1,418M), shown in the table below, include:

- Net impairment loss of non-financial assets (+US$1,300M): non-cash impairment expense of Hermosa's Taylor deposit, as announced on 24 July 2023[13]. The impairment reflected the impact of delays due to COVID-19, significant dewatering requirements, and current inflationary pressures;
- Significant items (-US$186M): gain on disposal of non-core base metal royalties to Ecora Resources PLC[15] (-US$189M pre-tax) and recognition of other income in relation to the indemnity for Chilean mining tax changes[24] negotiated as part of our acquisition of Sierra Gorda (-US$48M pre-tax), partially offset by a non-cash asset write-off following our decision not to proceed with the Dendrobium Next Domain (DND) project at Illawarra Metallurgical Coal[25] (+US$51M pre-tax);
- Sierra Gorda (+US$144M) and Manganese (+US$147M) joint venture adjustments: adjustments to reconcile the statutory equity accounting position to a proportional consolidation basis; and
- Net impairment loss of financial assets (+US$71M): periodic revaluation of the shareholder loan receivable from Sierra Gorda reflecting copper price 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 40.

The Group's Underlying EBITDA decreased by US$2,221M (or 47%) to US$2,534M in FY23, as lower commodity prices (-US$1,781M) and sales volumes (-US$539M), together with higher inflation, raw material and energy costs (-US$445M), more than offset the benefit of weaker producer currencies (+US$369M). Our recent portfolio improvements in Sierra Gorda and an additional interest in Mozal Aluminium added US$240M to Group Underlying EBITDA with a combined operating margin of 38%. This was partially offset by Brazil Aluminium (-US$32M) as the smelter continued to ramp-up, following the restart of all three potlines.

The Group's Underlying EBIT decreased by US$2,351M (or 59%) to US$1,616M, as Underlying depreciation and amortisation increased by US$130M to US$918M with the inclusion of Sierra Gorda in our portfolio.

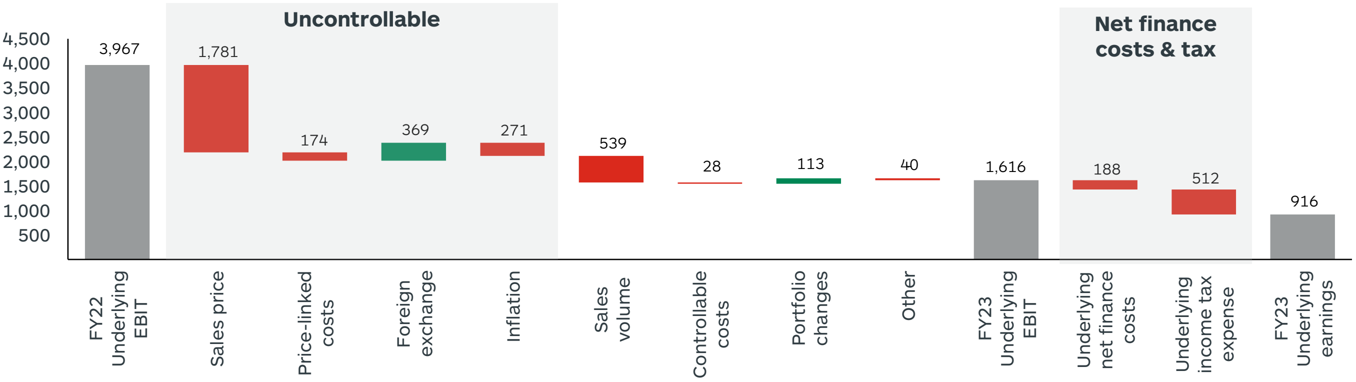
Profit to Underlying EBITDA reconciliation		
$USM	**FY23**	**FY22**
Profit before tax and net finance income/(costs)	198	3,724
Adjustments to derive Underlying EBIT:		
Significant items	(186)	(77)
Sierra Gorda joint venture adjustments	144	44
Manganese joint venture adjustments	147	216
Gains on the consolidation or disposal of interests in operations	-	(9)
Exchange rate (gains)/losses on the restatement of monetary items	(62)	(50)
Net impairment loss/(reversal) of financial assets	71	26
Net impairment loss/(reversal) of non-financial assets	1,300	145
(Gains)/losses on non-trading derivative instruments, contingent consideration and other investments measured at fair value through profit and loss	4	(52)
Total adjustments to derive Underlying EBIT	**1,418**	**243**
Underlying EBIT	**1,616**	**3,967**
Underlying depreciation and amortisation	918	788
Underlying EBITDA	**2,534**	**4,755**

Profit/(loss) to Underlying earnings reconciliation		
US$M	**FY23**	**FY22**
Profit/(loss) after tax	(173)	2,669
Total adjustments to derive Underlying EBIT	1,418	243
Total adjustments to derive Underlying net finance costs	(203)	(124)
Total adjustments to derive Underlying income and royalty related tax expense	(126)	(186)
Underlying earnings	**916**	**2,602**

EARNINGS ANALYSIS

The following key factors influenced Underlying EBIT in FY23, relative to FY22.

Reconciliation of movements in Underlying EBIT (US$M)(5)(26)(27)(28)



Earnings analysis	US$M	Commentary
FY22 Underlying EBIT	**3,967**	
Change in sales price	(1,781)	Lower average realised prices for our commodities, including: Aluminium (-US$631M) and alumina (-US$124M) Metallurgical coal (-US$550M) and energy coal (-US$11M) Nickel (-US$209M) Manganese (-US$181M) Zinc (-US$63M), lead (-US$13M) and silver (+US$1M)
Net impact of price-linked costs	(174)	Higher aluminium smelter raw material input prices (-US$115M), including pitch and coke Higher coal, fuel oil and diesel prices (-US$76M) Higher caustic soda prices at Brazil Alumina (-US$36M) and Worsley Alumina (-US$33M) Higher electricity prices (-US$33M) at Cerro Matoso and Illawarra Metallurgical Coal Partially offset by lower freight and distribution costs (+US$93M) and lower price-linked royalties (+US$16M)
Change in exchange rates	369	Weaker South African rand (+US$166M), Australian dollar (+US$157M) and Colombian peso (+US$48M)
Change in inflation	(271)	Inflation-linked indexation of our Southern African aluminium smelter electricity prices (-US$82M) General inflation across Australia (-US$120M), Southern Africa (-US$36M) and Colombia (-US$24M)
Change in sales volume	(539)	Lower volumes, including Illawarra Metallurgical Coal (-US$133M), Cannington (-US$119M), Worsley Alumina (-US$96M), Brazil Alumina (-US$83M) and Mozal Aluminium (-US$48M), including the impact of adverse weather and other temporary impacts
Controllable costs	(28)	Inventory and volume related movements (+US$137M) including a build in stocks at Australia Manganese, and higher inventory levels at Illawarra Metallurgical Coal Higher contractor and maintenance costs (-US$112M) to support planned maintenance at Worsley Alumina, at Australia Manganese to support higher volumes, and at Cerro Matoso to deliver the OSMOC project Higher labour costs (-US$48M) to support increased activity
Portfolio changes	113	Improved profitability following our first full year of ownership of Sierra Gorda (+US$142M), partially offset by Brazil Aluminium (-US$38M) as the smelter continued to ramp-up following the restart of all three potlines
Other	(40)	Higher profit from our equity interest in Mineração Rio do Norte (MRN), and non-core royalties received, more than offset by higher depreciation and amortisation primarily at Illawarra Metallurgical Coal and Australia Manganese
FY23 Underlying EBIT	**1,616**	

Net finance income/(costs)

The Group's FY23 Underlying net finance costs of US$188M primarily comprise the unwinding of the discount applied to our closure and rehabilitation provisions (US$113M), interest on lease liabilities (US$56M) largely for our multi-fuel co-generation facility at Worsley Alumina, and interest on our US$700M of senior unsecured notes (US$31M) issued in H2 FY22 to partly fund the Sierra Gorda acquisition.

Underlying net finance costs reconciliation		
US$M	**FY23**	**FY22**
Unwind of discount applied to closure and rehabilitation provisions	(113)	(83)
Interest on lease liabilities	(56)	(54)
Interest on senior unsecured notes	(31)	*(7)*
Change in discount rate on closure and rehabilitation provisions	-	3
Other	12	*(14)*
Underlying net finance costs	**(188)**	**(155)**
Add back earnings adjustment for exchange rate variations on net cash/(debt)	8	40
Sierra Gorda joint venture adjustments[29]	167	62
Manganese joint venture adjustments[29]	28	22
Total adjustments to derive Underlying net finance costs	**203**	**124**
Net finance income/(costs)	**15**	**(31)**

Tax expense

The Group's Underlying income tax expense, which includes our material EAIs, decreased by US$698M to US$512M in FY23, for an Underlying effective tax rate (ETR)[30] of 36.1%. Our Group Underlying ETR reflects our geographical earnings mix and the corporate tax rates of the jurisdictions in which we operate[31]. The impact of the recent changes in Colombian tax legislation, with dividend withholding tax increasing from 10% to 20% and income tax deductions no longer available for royalty payments[32], has increased Cerro Matoso's effective tax rate and is expected to increase the Group's Underlying ETR in future periods.

The Underlying ETR for our manganese business was 43.7% in FY23, including the royalty related tax at Australia Manganese[33].

The Underlying ETR for our Sierra Gorda EAI was 46.0% in FY23, including royalty related tax[34]. As anticipated, reforms to the Chilean Mining Tax were enacted in August 2023 and will be effective from 1 January 2024, resulting in higher royalty related tax in future periods. Sierra Gorda has a tax stability agreement to December 2028, and we have an indemnity from the vendors of our Sierra Gorda acquisition for mining tax changes enacted prior to December 2025, to mitigate the impact of these reforms. We have recorded a receivable[24] of US$48M in relation to the indemnity and expect to recover this amount from the vendors in FY24.

The Group's cash tax paid in FY23, excluding EAIs, was US$818M. This reflected the lagged effect of higher profitability in the prior period, as well as one-off cash taxes paid in relation to our Sierra Gorda acquisition (US$115M) and non-core royalty sale (US$32M).

Underlying income tax expense reconciliation and Underlying ETR		
US$M	**FY23**	**FY22**
Underlying EBIT	1,616	3,967
Include: Underlying net finance costs	(188)	(155)
Remove: Share of (profit)/loss of EAIs	(11)	2
Underlying profit before tax	**1,417**	**3,814**
Income tax expense	**386**	**1,024**
Tax effect of earnings adjustments to Underlying EBIT	(3)	32
Tax effect of earnings adjustments to Underlying net finance costs	(3)	(13)
Exchange rate variations on tax balances	4	(20)
Significant items	(23)	(26)
Sierra Gorda joint venture adjustment relating to income tax[29]	11	1
Sierra Gorda joint venture adjustment relating to royalty related tax[29]	12	4
Manganese joint venture adjustment relating to income tax[29]	85	153
Manganese joint venture adjustment relating to royalty related tax[29]	43	55
Total adjustments to derive Underlying income tax expense	**126**	**186**
Underlying income tax expense	**512**	**1,210**
Underlying ETR	**36.1%**	**31.7%**

CASH FLOW

The Group generated free cash flow from operations of US$57M and received net distributions[35] of US$187M from our EAIs in FY23. Group free cash flow reflected higher expenditure on productivity, improvement and growth projects (+US$335M) and one-off tax payments in relation to our Sierra Gorda acquisition and non-core royalty sale (+US$147M).

Working capital was largely unchanged over the year, an improved position following the working capital build of US$152M in H1 FY23. The increase in inventories of US$126M in FY23 reflected a permanent increase related to the restart of Brazil Aluminium, as well as temporary impacts at Mozal Aluminium.

Net distributions from our EAIs comprised US$173M from our manganese EAIs and US$14M from our Sierra Gorda EAI. Our Sierra Gorda EAI invested in projects to increase future potential copper production, implementing the plant de-bottlenecking project, and progressing studies for the fourth grinding line expansion to support a planned final investment decision in H2 FY24.

Free cash flow from operations excluding EAIs		
US$M	**FY23**	**FY22**
Profit from operations	198	3,724
Non-cash or non-operating items	1,852	694
Share of (profit)/loss from EAIs	(246)	(272)
Change in working capital	10	(428)
Cash generated from operations	**1,814**	**3,718**
Total capital expenditure, excluding EAIs, including intangibles and capitalised exploration	(894)	(559)
Operating cash flows generated from operations after capital expenditure	**920**	**3,159**
Net interest paid[36]	(45)	(51)
Income tax paid	(818)	(868)
Free cash flow from operations	**57**	**2,240**

Working capital movement		
US$M	**FY23**	**Commentary**
Trade and other receivables	178	Collection of receivables in Q4 FY23 and lower commodity prices
Inventories	(126)	Restart of Brazil Aluminium and temporary impacts at Mozal Aluminium
Trade and other payables	(45)	Timing of payments
Provisions and other liabilities	3	
Total working capital movement	**10**	

Capital expenditure

The Group's capital expenditure[37], excluding EAIs, increased by US$335M to US$894M in FY23 as we increased our investment in productivity, improvement and growth activities across our portfolio:

- Safe and reliable capital expenditure increased by US$103M to US$470M as we invested in Illawarra Metallurgical Coal's transition to a more efficient single longwall configuration at Appin from FY25[25], and additional ventilation capacity to enable mining in Appin's Area 7 until at least 2039[25];
- Improvement and life extension capital expenditure increased by US$6M to US$64M as we progressed productivity and decarbonisation projects primarily at Worsley Alumina and Brazil Alumina;
- Growth capital expenditure increased by US$159M to US$256M at Hermosa as we installed critical path dewatering infrastructure and advanced studies for both Taylor and Clark; and
- Intangibles and capitalised exploration expenditure increased by US$67M to US$104M, as we extended Cerro Matoso's mining contract to 2044, and completed multiple exploration programs across our portfolio focused on base metals.

Our share of capital expenditure for our material EAIs increased by US$119M to US$283M in FY23, reflecting the inclusion of Sierra Gorda in our portfolio. Capital expenditure for our Sierra Gorda EAI was US$199M, as the operation invested in deferred stripping and additional tailings storage infrastructure. It also invested to grow future potential copper volumes, executing the plant de-bottlenecking project and progressing study work for the fourth grinding line expansion.

Capital expenditure for our manganese EAIs was US$84M as we invested in additional mining equipment and completed the feasibility study for Australia Manganese's Eastern Lease South life extension project.

Capital expenditure (South32 share)[28][37]		
US$M	**FY23**	**FY22**
Safe and reliable capital expenditure	(470)	(367)
Improvement and life extension capital expenditure	(64)	(58)
Growth capital expenditure	(256)	(97)
Intangibles and the capitalisation of exploration expenditure	(104)	(37)
Total capital expenditure (excluding EAIs)	**(894)**	**(559)**
EAIs capital expenditure	(283)	(164)
Total capital expenditure (including EAIs)	**(1,177)**	**(723)**

BALANCE SHEET, DIVIDENDS AND CAPITAL MANAGEMENT

The Group finished the period with net debt of US$483M as we delivered a record US$1,225M to shareholders during FY23, paying fully-franked ordinary and special dividends of US$1,007M, and a further US$218M via our on-market share buy-back.

Our unchanged capital management framework supports investment in our business and rewards shareholders as our financial performance improves. Consistent with our dividend policy, the Board has resolved to pay a fully-franked final ordinary dividend of US 3.2 cents per share (US$145M) in respect of H2 FY23, representing 41% of Underlying earnings. The Board has also today further expanded our capital management program by US$50M, leaving US$133M to be returned by 1 March 2024(16).

Net cash/(debt)		
US$M	**FY23**	**FY22**
Cash and cash equivalents	1,258	2,365
Lease liabilities	(674)	(650)
Other interest bearing liabilities	(1,067)	(1,177)
Net cash/(debt)	**(483)**	**538**

Our current BBB+/Baa1 credit ratings were re-affirmed by S&P Global Ratings and Moody's, respectively. We also retain access to significant liquidity, having successfully extended our undrawn sustainability-linked revolving credit facility, with available capacity of US$1.4B to December 2026 and US$1.2B to December 2027.

Dividends announced				
Period	**Dividend per share (US cents)**	**US$M**	**Franking**	**Pay-out ratio**
H1 FY21	1.4	67	100%	49%
H2 FY21	3.5	164	100%	46%
August 2021 special dividend	2.0	93	100%	N/A
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%

South32 shareholders registered on the South African branch register will not be able to dematerialise or rematerialise their shareholdings between 13 and 15 September 2023 (both dates inclusive), nor will transfers to/from the South African branch register be permitted between 8 and 15 September 2023 (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	11 September 2023
Last day to trade cum dividend on the Johannesburg Stock Exchange (JSE)	12 September 2023
Ex-dividend date on the JSE	13 September 2023
Ex-dividend date on the ASX and London Stock Exchange (LSE)	14 September 2023
Record date (including currency election date for ASX)	15 September 2023
Payment date	12 October 2023

OUTLOOK

PRODUCTION

Our recent portfolio improvements delivered strong growth in aluminium and base metals in FY23. Looking forward, these investments are expected to underpin production growth in aluminium and copper of 4% in FY24 and 3% in FY25[38].

Production guidance (South32 share)[28]				
	FY23	**FY24e[a]**	**FY25e[a]**	**Commentary key guidance assumptions**
Worsley Alumina				
Alumina production (kt)	3,839	4,000	4,000	Nameplate capacity in FY24 and FY25
Brazil Alumina (non-operated)				
Alumina production (kt)	1,262	1,400	1,420	Expected to increase by 11% in FY24 as the refinery returns to nameplate capacity, ahead of creeping volumes in FY25
Brazil Aluminium (non-operated)				
Aluminium production (kt)	68.9	100	130	Expected to increase by 45% in FY24 and 30% in FY25 as the smelter ramps-up towards nameplate capacity (179ktpa, 40% basis) in H2 FY26
Hillside Aluminium[39]				
Aluminium production (kt)	719	720	720	Expected to test its maximum technical capacity
Mozal Aluminium[39]				
Aluminium production (kt)	345	365	372	Expected to increase by 6% in FY24, returning to nameplate capacity in Q2 FY24 AP3XLE to deliver higher volumes in FY25
Sierra Gorda (non-operated)				
Ore processed (Mt)	21.2	21.8	21.8	Higher expected throughput following the plant de-bottlenecking project and planned copper grades of 0.38% and 0.42% in FY24 and FY25, respectively
Payable copper equivalent production (kt)[40]	*86.5*	*89.0*	91.8	
Payable copper production (kt)	70.7	67.0	71.0	
Payable molybdenum production (kt)	1.2	2.5	2.2	
Payable gold production (koz)	28.8	22.5	25.0	
Payable silver production (koz)	630	550	550	
Cannington				
Ore processed (kdmt)	2,156	*2,300*	2,400	Payable zinc equivalent production expected to increase by 11% in FY24 with improved plant throughput and higher planned silver and lead grades Further increase in plant throughput in FY25, offset by lower planned grades in accordance with the mine plan
Payable zinc equivalent production (kt)[41]	*259.6*	*287.2*	275.8	
Payable silver production (koz)	11,183	12,500	12,000	
Payable lead production (kt)	101.7	115.0	110.0	
Payable zinc production (kt)	59.2	62.0	60.0	
Cerro Matoso				
Ore processed (kdmt)	2,807	*2,700*	2,750	OSMOC project expected to partially offset natural grade decline, with expected processed nickel grade of 1.63% and 1.48% in FY24 and FY25, respectively
Payable nickel production (kt)	40.8	40.5	35.0	
Illawarra Metallurgical Coal				
Total coal production (kt)	6,520	*5,000*	5,500	FY24 guidance reduced to 5.0Mt (from 5.3Mt), with the next longwall at Dendrobium to commence in Q2 FY24 Production is expected to increase by 10% to 5.5Mt in FY25, consistent with prior medium-term production guidance for the complex[25]
Metallurgical coal production (kt)	5,497	*4,400*	4,700	
Energy coal production (kt)	1,023	*600*	800	
Australia Manganese				
Manganese ore production (kwmt)	3,545	3,400	3,400	Expected to continue its strong performance, subject to wet season impacts
South Africa Manganese				
Manganese ore production (kwmt)	2,108	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

FY23 Operating unit costs were in-line with our updated guidance, as our strong operating performance to finish the year and continued focus on cost efficiencies, provided partial relief from industry-wide cost pressures.

A planned increase in production volumes across the majority of our operations in FY24 and our ongoing focus on controllable cost initiatives is expected to partly offset ongoing industry-wide inflationary pressures.

While Operating unit cost guidance is not provided for our aluminium smelters, their cost profile will continue to be influenced by the price of raw material inputs, which have started to moderate from elevated levels across the industry in FY23.

Operating unit cost[42]	FY23	H1 FY23	H2 FY23	FY24e[(a)(b)]	Commentary key guidance assumptions
Worsley Alumina					
(US$/t)	291	288	294	290	Largely unchanged with lower caustic soda prices and consumption, to offset higher energy and labour costs
Brazil Alumina (non-operated)					
(US$/t)	368	364	372	Not provided	Will continue to be influenced by energy and the price of raw material inputs
Brazil Aluminium (non-operated)					
(US$/t)	4,357	5,876	3,747	Not provided	Will continue to be influenced by the smelter's ramp-up profile and the price of raw material inputs and energy
Hillside Aluminium					
(US$/t)	2,178	2,276	2,092	Not provided	Will continue to be influenced by the price of raw material inputs, the South African rand and inflation-linked energy costs
Mozal Aluminium					
(US$/t)	2,329	2,237	2,433	Not provided	Will continue to be influenced by the price of raw material inputs, the South African rand and inflation-linked energy costs
Sierra Gorda (non-operated)					
(US$/t)[(c)]	15.4	16.6	14.1	16.0	Higher plant throughput and lower electricity prices, more than offset by higher labour costs
Cannington					
(US$/t)[(c)]	153	136	172	155	Largely unchanged with improved throughput, more than offset by higher labour costs
Cerro Matoso					
(US$/lb)	5.03	4.93	5.14	5.30	Lower price-linked royalties, more than offset by a stronger Colombian peso and higher labour costs
Illawarra Metallurgical Coal					
(US$/t)	127	124	130	140	Lower volumes, with four planned longwall moves in FY24
Australia Manganese (FOB)					
(US$/dmtu)	1.88	1.76	2.01	2.15	Increased mining activity and contractor costs to deliver planned volumes
South Africa Manganese (FOB)					
(US$/dmtu)	2.64	2.67	2.61	2.60	Weaker South African rand and lower price-linked royalties, to more than offset higher in-land logistics costs

(a) FY24e Operating unit cost guidance includes royalties (where appropriate) and commodity price and foreign exchange rate forward curves or our internal expectations (refer to page 29, footnote 43).
(b) The denotation (e) refers to an estimate or forecast year.
(c) 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 capital expenditure guidance, excluding EAIs, is set at US$860M as we prioritise safe and reliable operations and invest to improve productivity and grow future volumes:

- Safe and reliable capital expenditure is expected to increase by US$145M to US$615M, reflecting elevated capital expenditure at Illawarra Metallurgical Coal as we transition Appin to a more efficient single longwall from FY25, and install additional ventilation infrastructure to extend Appin's mine life in Area 7 to at least 2039(25);
- Improvement and life extension capital expenditure is expected to increase by US$11M to US$75M, as we advance decarbonisation projects at Worsley Alumina and the De-bottlenecking Phase Two project at Brazil Alumina; and
- Growth capital expenditure at our Hermosa project is expected to be US$170M in H1 FY24 as we complete critical path dewatering activity, invest in early works, and progress studies for both Taylor and Clark. We expect to provide FY24 guidance following a final investment decision for the development of the Taylor deposit, planned for H1 FY24.

Our share of capital expenditure for our material EAIs is expected to increase by US$61M to US$340M in FY24:

- Capital expenditure for our manganese EAI is expected to increase by US$47M to US$130M as we continue Australia Manganese's Eastern Lease South life extension project, with first production expected in FY25; and
- Capital expenditure for our Sierra Gorda EAI is expected to increase by US$14M to US$210M, with safe and reliable capital expenditure of US$180M for deferred stripping and additional tailings capacity. Improvement and life extension capital expenditure is expected to be US$30M, including the plant de-bottlenecking project and the feasibility study for the fourth grinding line expansion. We expect to update FY24 capital expenditure guidance following a final investment decision for the fourth grinding line expansion, planned for H2 FY24.

Capital expenditure excluding exploration and intangibles (South32 share)(28)		
US$M	**FY23**	**FY24e(a)**
Worsley Alumina	49	85
Brazil Alumina	45	60
Brazil Aluminium	9	10
Hillside Aluminium	16	35
Mozal Aluminium	16	20
Cannington	60	40
Cerro Matoso	33	45
Illawarra Metallurgical Coal	242	320
Safe and reliable capital expenditure (excluding EAIs)	**470**	**615**
Worsley Alumina	33	45
Brazil Alumina	13	20
Cerro Matoso	5	-
Illawarra Metallurgical Coal	6	3
Other operations	7	7
Improvement and life extension capital expenditure (excluding EAIs)	**64**	**75**
Hermosa	256	170(b)
Growth capital expenditure	**256**	**170**
Total capital expenditure (excluding EAIs)	**790**	**860**
Total capital expenditure (including EAIs)	**1,069**	**1,200**

Capital expenditure for EAIs excluding exploration and intangibles (South32 share)(28)		
US$M	**FY23**	**FY24e(a)**
Sierra Gorda	151	180
Australia Manganese	41	55
South Africa Manganese	16	30
Safe and reliable capital expenditure (EAIs)	**208**	**265**
Sierra Gorda	45	30(b)
Australia Manganese	17	35
South Africa Manganese	9	10
Improvement and life extension capital expenditure (EAIs)	**71**	**75**
Total capital expenditure (EAIs)	**279**	**340**

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

(b) Guidance for Hermosa reflects H1 FY24, subject to a final investment decision. Guidance for our Sierra Gorda EAI is subject to a final investment decision for the fourth grinding line expansion.

Exploration and intangibles guidance

Capitalised exploration, including EAIs, is expected to be largely unchanged at US$40M. This includes US$23M at our Hermosa project as we continue to test high priority regional targets, including further drilling at the Peake copper-lead-zinc-silver prospect[44], and a first time drilling program planned at the Flux prospect[45].

Capitalised exploration (South32 share)[28]		
US$M	**FY23**	**FY24e[a]**
Capitalised exploration (excluding EAIs)	39	35
EAIs capitalised exploration	4	5
Capitalised exploration (including EAIs)	**43**	**40**

(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			
	FY23	**FY24e[a]**	**Commentary**
Group and unallocated expense in Underlying EBIT (excluding greenfield exploration and third party products and services EBIT)			
(US$M)	31	100	One-off benefits in H1 FY23 Normalised run-rate expected in FY24
Underlying depreciation and amortisation			
(US$M)	918	930	Reflects higher depreciation and amortisation at Cannington and Australia Manganese, following recent investments
Underlying net finance costs			
(US$M)	188	200	Reflects balance sheet position as at FY23
Greenfield exploration			
(US$M)	42	30	Targeted activity across our greenfield exploration programs focused on base metals in the Americas, Australia and Europe

(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 17 to 27. 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)[28]				
	Underlying revenue		Underlying EBIT	
US$M	**FY23**	**FY22**	**FY23**	**FY22**
Worsley Alumina	1,363	1,625	68	386
Brazil Alumina	456	524	(45)	89
Brazil Aluminium	166	–	(136)	(44)
Hillside Aluminium	1,823	2,254	191	666
Mozal Aluminium	886	924	56	271
Sierra Gorda	684	241	217	75
Cannington	542	736	142	315
Hermosa	–	–	(19)	(14)
Cerro Matoso	698	929	189	463
Illawarra Metallurgical Coal	1,643	2,338	692	1,388
Australia Manganese	688	848	266	402
South Africa Manganese	344	419	45	58
Third party products and services[46]	539	600	23	20
Inter-segment / Group and unallocated	(782)	(808)	(73)	(108)
South32 Group	**9,050**	**10,630**	**1,616**	**3,967**

WORSLEY ALUMINA

(86% SHARE)

South32 share	FY23	FY22
Alumina production (kt)	3,839	3,991
Alumina sales (kt)	3,817	3,974
Realised alumina sales price (US$/t)	357	409
Operating unit cost (US$/t)	291	265

South32 share (US$M)	FY23	FY22
Underlying revenue	1,363	1,625
Underlying EBITDA	251	571
Underlying EBIT	68	386
Net operating assets	2,457	2,571
Capital expenditure	82	55
Safe and reliable	49	47
Improvement and life extension	33	8

Volumes

Worsley Alumina saleable production decreased by 4% (or 152kt), from record levels in FY22, to 3,839kt in FY23. The refinery successfully managed short-term energy supply challenges and completed planned calciner maintenance in Q1 and Q3 FY23, finishing the year with production rates above nameplate capacity in Q4 FY23.

The refinery is expected to operate at nameplate capacity (4.6Mtpa, 100% basis) in FY24 and FY25, with 4,000kt expected. Calciner maintenance is scheduled for Q1 and Q3 during FY24.

We continue to progress regulatory approvals for new mining areas, with final approvals for our Worsley Mine Development project now expected during 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 increased by 10% to US$291/t in FY23, 1% above guidance, as the benefit of a weaker Australian dollar was more than offset by higher uncontrollable costs including an increase in caustic soda (FY23: US$659/t, FY22: US$581/t) and coal prices.

We expect FY24 Operating unit costs to be largely unchanged at US$290/t, with the benefit of lower caustic soda prices (FY24e: ~US$600/t) and lower planned caustic consumption (FY24e: 95kg/t, FY23: 107kg/t), to offset higher energy and labour costs.

FY24 Operating unit cost guidance also assumes higher freight rates (+US$9/t impact to Operating unit costs), which will also be reflected in our realised prices. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 29, footnote 43.

Financial performance

Underlying EBIT decreased by 82% (or US$318M), to US$68M in FY23, as a 13% decrease in the average realised price of alumina (-US$198M), lower sales volumes (-US$64M) and higher inflation and uncontrollable costs (-US$74M), more than offset the benefit of a weaker Australian dollar (+US$50M). The operation also incurred additional contractor costs (-US$18M) to deliver planned maintenance activity.

Capital expenditure

Safe and reliable capital expenditure was US$49M in FY23 and is expected to increase to US$85M in FY24 as we invest in infrastructure to enable access to new mining areas, and additional bauxite residue disposal capacity.

Improvement and life extension capital expenditure was US$33M in FY23 and is expected to increase to US$45M in FY24 as we advance decarbonisation projects at the refinery. We expect to complete the conversion of the first coal fired boiler to natural gas in Q1 FY24 and the second boiler in Q3 FY24, improving the refinery's energy security and supporting the transition to lower carbon energy. We also continue to progress study work for the mud-washing efficiency project.

BRAZIL ALUMINA

(36% SHARE)

Volumes

Brazil Alumina saleable production decreased by 3% (or 35kt) to 1,262kt in FY23 as the refinery reduced output in Q4 FY23 to manage temporary port infrastructure outages. The refinery has returned to nameplate capacity (3.86Mtpa, 100% basis) and FY24 production guidance remains unchanged at 1,400kt, ahead of creeping volumes to 1,420kt in FY25.

Operating costs

Operating unit costs increased by 28% to US$368/t in FY23, with a significant rise in uncontrollable costs accounting for more than 70% of this increase, together with one-off costs associated with the port infrastructure outages.

Uncontrollable cost inflation, including higher caustic soda prices (FY23: US$722/t, FY22: US$425/t), coal-linked energy prices, and bauxite costs linked to alumina and aluminium prices on a trailing basis, was most acute in H1 FY23, with these input prices all trending lower in H2 FY23.

While Operating unit cost guidance is not provided for this non-operated facility, the refinery will continue to be influenced by energy and raw material input prices.

Financial performance

Underlying EBIT decreased by US$134M, to a loss of US$45M in FY23, as a 8% decrease in the average realised price of alumina (-US$38M), lower sales volumes (-US$30M) and higher uncontrollable costs (-US$72M), more than offset higher profit from our equity interest in MRN (+US$10M).

Capital expenditure

Safe and reliable capital expenditure decreased by US$6M to US$45M in FY23 and is expected to be US$60M in FY24 with further investment in bauxite residue disposal capacity.

Improvement and life extension capital expenditure was US$13M in FY23 and is expected to be US$20M in FY24 as the refinery progresses work on the De-bottlenecking Phase Two project. The project is expected to be completed in H1 FY26, increasing nameplate capacity by ~4% to ~4.0Mt (100% basis).

South32 share	FY23	FY22[(a)]
Alumina production (kt)	1,262	1,297
Alumina sales (kt)	1,237	1,299
Realised sales price (US$/t)	369	403
Operating unit cost (US$/t)[(b)]	368	288

South32 share (US$M)	FY23	FY22[(a)]
Underlying revenue	456	524
Underlying EBITDA	7	150
Underlying EBIT	(45)	89
Net operating assets	738	696
Capital expenditure	58	51
Safe and reliable	45	51
Improvement and life extension	13	–

(a) The increase in ownership in MRN, effective from 29 April 2022, has triggered a change in accounting treatment with the investment accounted for using the equity method (formerly classified as an investment in an equity instrument designated as fair value through other comprehensive income).

(b) Excludes the profit from our equity interest in MRN.

BRAZIL ALUMINIUM
(40% SHARE)

Volumes

Brazil Aluminium saleable production was 68.9kt in FY23 following the restart of all three potlines at the smelter, below guidance of 75kt, as lower overhead crane availability in Q4 FY23 delayed pot restart activities and metal production.

Production is expected to increase by 45% to 100kt in FY24 and a further 30% to 130kt in FY25, as the smelter delivers to a revised ramp-up profile. Nameplate capacity (179ktpa, 40% basis) is now expected to be achieved during H2 FY26.

Operating costs

Operating unit cost guidance is not provided for this non-operated facility. The cost profile of the smelter will continue to be influenced by the ramp-up of all three potlines and the price of raw material inputs and energy.

Financial performance

Underlying EBIT was a loss of US$136M in FY23, as sales revenue (+US$166M) was more than offset by costs to support the smelter's restart and ramp-up of all three potlines (-US$258M).

Capital expenditure

Safe and reliable capital expenditure was US$9M in FY23 and is expected to be US$10M in FY24.

South32 share	FY23	FY22
Aluminium production (kt)	68.9	0.3
Aluminium sales (kt)	67.7	–
Realised sales price (US$/t)	2,452	–
Operating unit cost (US$/t)	4,357	–

South32 share (US$M)	FY23	FY22
Underlying revenue	166	–
Underlying EBITDA	(129)	(43)
Underlying EBIT	(136)	(44)
Net operating assets	28	46
Capital expenditure	9	1
Safe and reliable	9	1
Improvement and life extension	–	–

HILLSIDE ALUMINIUM

(100% SHARE)

Volumes

Hillside Aluminium saleable production increased by 1% (or 5kt) to a record 719kt in FY23 as the smelter continued to test its maximum technical capacity, despite the impact of elevated load-shedding.

The smelter is expected to continue its strong operating performance, with FY24 and FY25 guidance set at 720kt[39].

Operating costs

Operating unit costs increased by 2% to US$2,178/t in FY23, as the benefit of a weaker South African rand and lower alumina prices, was more than offset by elevated smelter raw material input prices (including coke, pitch and aluminium tri-fluoride), and inflation-linked indexation of energy costs.

Smelter raw material input prices began to moderate in H2 FY23, which together with the smelter's strong operating performance, supported a sequential reduction in Operating unit costs (H2 FY23: US$2,092/t, H1 FY23: US$2,276/t).

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 are working with Eskom and other stakeholders in the South African energy sector on pathways to secure lower carbon electricity supply.

We have signed a non-binding memorandum of understanding with Eskom to explore the potential to enter into a pilot agreement to purchase energy attributes associated with the electricity generated at Eskom's Koeberg Nuclear Power Station. Since the attributes represent a new product for Eskom, the pilot would test the commercial and regulatory requirements and other applicable considerations, while we continue to investigate other low-carbon energy solutions for the medium to long-term.

Financial performance

Underlying EBIT decreased by 71% (or US$475M), to US$191M in FY23, as the benefit of a weaker South African rand (+US$106M) and higher sales volumes (+US$18M), was more than offset by a 20% reduction in the average realised price of aluminium (-US$449M) and higher raw material input (-US$56M) and energy costs (-US$66M).

96 pots were relined at a cost of US$281k per pot in FY23 (FY22: 162 pots at US$274k per pot), with 169 pots scheduled to be relined in FY24. The smelter is deploying AP3XLE technology in its pot relining activity, to further enhance the smelter's energy efficiency and reduce GHG emissions.

Capital expenditure

Capital expenditure was US$18M in FY23 and is expected to increase to US$38M in FY24 as we invest in plant upgrades.

South32 share	FY23	FY22
Aluminium production (kt)	719	714
Aluminium sales (kt)	719	713
Realised sales price (US$/t)	2,535	3,161
Operating unit cost (US$/t)	2,178	2,137

South32 share (US$M)	FY23	FY22
Underlying revenue	1,823	2,254
Underlying EBITDA	257	730
Underlying EBIT	191	666
Net operating assets	845	927
Capital expenditure	18	24
Safe and reliable	16	20
Improvement and life extension	2	4

MOZAL ALUMINIUM

(63.7% SHARE)[47]

Volumes

Mozal Aluminium saleable production increased by 24% (or 67kt) to 345kt in FY23, following our acquisition of an additional 16.6% interest in May 2022.

The smelter implemented a recovery plan in response to the fatal safety incident in November 2022 and wet weather impacts in Q3 FY23, with nameplate production volumes expected to be achieved in Q2 FY24.

FY24 production guidance is unchanged at 365kt[39] and production is expected to increase to 372kt[39] in FY25, with the benefit of additional volumes from the AP3XLE project.

Operating costs

Operating unit costs increased by 4% to US$2,329/t in FY23, as the benefit of a weaker South African rand and lower alumina prices, was more than offset by elevated smelter raw material input prices (including coke, pitch and aluminium tri-fluoride), and 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 hydroelectric power is generated by Hidroeléctrica de Cahora Bassa (HCB) and supplied via Eskom's electricity grid under an agreement with Mozambique Transmission Company (MOTRACO), a transmission joint venture between Eskom and the national electricity utilities of Mozambique and Eswatini. We are working with key stakeholders to extend this energy supply agreement beyond 2026, as currently there are no viable alternative suppliers of renewable energy at the required scale.

Financial performance

Underlying EBIT decreased by 79% (or US$215M), to US$56M[a] in FY23, as the benefit of our additional stake in Mozal Aluminium and a weaker South African rand (+US$26M), was more than offset by a 21% decrease in the average realised price of aluminium (-US$182M), lower sales volumes (-US$48M) and higher raw material input (-US$8M) and energy costs (-US$17M).

82[48] pots were relined in FY23 at a cost of US$318k per pot, as the pot relining schedule was modified with the smelter's recovery plan (FY22: 127[48] pots at US$266k per pot). 112[48] pots are scheduled to be relined in FY24. The smelter is deploying AP3XLE technology in its pot relining activity to deliver incremental production benefits, with no associated increase in power consumption.

Capital expenditure

Capital expenditure was US$17M in FY23 and is expected to be US$22M in FY24 as we invest in plant upgrades and continue to deploy the AP3XLE technology.

South32 share[a]	FY23	FY22
Aluminium production (kt)	345	278
Aluminium sales (kt)	334	276
Realised sales price (US$/t)	2,653	3,348
Operating unit cost (US$/t)	2,329	2,243

South32 share (US$M)[a]	FY23	FY22
Underlying revenue	886	924
Underlying EBITDA	108	305
Underlying EBIT	56	271
Net operating assets	578	615
Capital expenditure	17	11
Safe and reliable	16	10
Improvement and life extension	1	1

(a) The results reflect the completion of our acquisition of an additional 16.6% shareholding in the smelter on 31 May 2022, taking our ownership to 63.7%. Prior period numbers have not been restated for this change in ownership (presented on a 47.1% basis).

SIERRA GORDA

(45% SHARE)

Volumes

Sierra Gorda payable copper equivalent production[40] was 86.2kt in FY23, our first full year of ownership, with plant throughput of 47.1Mt (100% basis) and an average realised copper grade of 0.42%.

FY24 guidance remains unchanged at 89.0kt payable copper equivalent production[40], with higher expected throughput (48.4Mt, 100% basis) delivered by the plant de-bottlenecking project, partially offset by lower planned copper grades (0.38%).

Production is expected to increase by 3% to 91.8kt payable copper equivalent production[40] in FY25, benefitting from higher planned copper grades (0.42%) in accordance with the mine plan.

Operating costs

Operating unit costs were US$15.4/t ore processed in FY23, in-line with guidance, with sequentially lower Operating unit costs (H2 FY23: US$14.1/t, H1 FY23: US$16.6/t), following the transition to cost efficient, 100% renewable electricity from January 2023.

We expect FY24 Operating unit costs to increase by 4% to US$16.0/t ore processed with the benefit of higher planned mill throughput and lower electricity prices, offset by higher labour costs. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 29, footnote 43.

Financial performance

Underlying EBIT was US$217M in FY23 at a margin of 52%, which improved the Group margin and increased our exposure to commodities critical for a low-carbon future.

Capital expenditure

Safe and reliable capital expenditure was US$151M in FY23 and is expected to be US$180M in FY24 as the operation continues to invest in deferred stripping and additional tailings infrastructure.

Improvement and life extension capital expenditure was US$45M in FY23 as the operation progressed the plant de-bottlenecking project, including the installation of a third tailings thickener in Q4 FY23. We expect to invest US$30M in FY24 as the plant de-bottlenecking project is executed and we advance 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 H2 FY24.

South32 share	FY23	FY22[a]
Ore mined (Mt)	26.0	13.7
Ore processed (Mt)	21.2	7.5
Ore grade processed (%, Cu)	0.42	0.42
Payable copper equivalent production (kt)[40]	86.2	30.6
Payable copper production (kt)	70.7	25.3
Payable molybdenum production (kt)	1.2	0.4
Payable gold production (koz)	28.8	9.6
Payable silver production (koz)	630	253
Payable copper sales (kt)	71.8	27.7
Payable molybdenum sales (kt)	1.3	0.6
Payable gold sales (koz)	29.1	9.9
Payable silver sales (koz)	639	282
Realised copper sales price (US$/lb)	3.51	3.50
Realised molybdenum sales price (US$/lb)	21.3	18.5
Realised gold sales price (US$/oz)	1,821	1,934
Realised silver sales price (US$/oz)	21.9	23.5
Operating unit cost (US$/t ore processed)[49]	15.4	14.6

South32 share (US$M)	FY23	FY22[a]
Underlying revenue	684	241
Underlying EBITDA	358	133
Underlying EBIT	217	75
Net operating assets	1,588	1,402
Capital expenditure	196	81
Safe and reliable	151	36
Improvement and life extension	45	45
Exploration expenditure	7	2
Exploration expensed	4	1

(a) Realised sales prices and Operating unit costs presented in the table above reflect the period 1 March 2022 to 30 June 2022. Whereas production and sales numbers, and all Income Statement items reflect the period from first ownership (22 February 2022). Operating unit costs of US$1.42/lb CuEq and realised prices (copper of US$3.18/lb, molybdenum of US$18.73/lb, gold of US$1,776/oz and silver of US$20.65/oz) reflect the period from first ownership (22 February 2022).

CANNINGTON

(100% SHARE)

Volumes

Cannington payable zinc equivalent production[41] decreased by 13% to 195.6kt in FY23, with severe weather impacts in Q3 FY23. The operation successfully recovered in Q4 FY23, increasing quarterly production by 36% and achieving revised production guidance.

We expect to increase payable zinc equivalent production[41] by 11% to 287.2kt in FY24 (silver 12,500koz, lead 115.0kt and zinc 62.0kt), with improved plant throughput (2,300kdmt) and higher planned silver and lead grades. FY25 production guidance has been set at 275.8kt payable zinc equivalent[41], with a further increase in plant throughput (2,400kdmt), offset by lower planned grades. We expect throughput to average 2,400kdmt over FY25 to FY28, reflecting more complex underground mining conditions, with a greater number of stopes of varying size from FY24.

Operating costs

Operating unit costs increased by 15% to US$153/t in FY23, in-line with revised guidance, as the benefit of a weaker Australian dollar and lower price-linked royalties was more than offset by lower mill throughput.

We expect FY24 Operating unit costs to be largely unchanged at US$155/t, with improved mill throughput more than offset by higher labour costs. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 29, footnote 43.

Financial performance

Underlying EBIT decreased by 55% (or US$173M), to US$142M in FY23, as lower zinc and lead prices (-US$75M) and reduced sales volumes (-US$119M), more than offset the benefit of a weaker Australian dollar (+US$21M) and lower price-linked royalties (+US$10M).

Capital expenditure

Capital expenditure increased by US$16M to US$61M in FY23 as we invested in additional tailings storage capacity and upgrades to water and ventilation infrastructure. Capital expenditure is expected to reduce to US$42M in FY24 as these upgrades are completed.

South32 share	FY23	FY22
Ore mined (kwmt)	2,223	2,753
Ore processed (kdmt)	2,156	2,618
Ore grade processed (g/t, Ag)	187	180
Ore grade processed (%, Pb)	5.6	5.4
Ore grade processed (%, Zn)	3.8	3.5
Payable zinc equivalent production (kt)[41]	195.6	224.2
Payable silver production (koz)	11,183	12,946
Payable lead production (kt)	101.7	120.6
Payable zinc production (kt)	59.2	64.5
Payable silver sales (koz)	10,739	12,898
Payable lead sales (kt)	99.0	122.2
Payable zinc sales (kt)	58.1	66.2
Realised silver sales price (US$/oz)	21.1	21.0
Realised lead sales price (US$/t)	1,919	2,046
Realised zinc sales price (US$/t)	2,151	3,248
Operating unit cost (US$/t ore processed)[49]	153	133

South32 share (US$M)	FY23	FY22
Underlying revenue	542	736
Underlying EBITDA	213	388
Underlying EBIT	142	315
Net operating assets	172	141
Capital expenditure	61	45
Safe and reliable	60	43
Improvement and life extension	1	2
Exploration expenditure	8	3
Exploration expensed	6	2

CERRO MATOSO

(99.9% SHARE)

Volumes

Cerro Matoso payable nickel production decreased by 2% to 40.8kt in FY23, as the benefits of the OSMOC project were offset by a temporary access restriction to the higher-grade Q&P pit.

The OSMOC project underpinned a 15-year extension to Cerro Matoso's mining contract to 2044. It is also expected to partially offset natural grade decline (FY22 Ore Reserve grade: 1.2% nickel), with processed nickel grades expected to be 1.63% in FY24 and 1.48% in FY25.

FY24 production guidance is unchanged at 40.5kt and FY25 production guidance is set at 35.0kt, reflecting the planned nickel grade profile. A major furnace refurbishment previously scheduled for Q4 FY25, is now expected to be completed during FY26.

Operating costs

Operating unit costs increased by 16% to US$5.03/lb in FY23, 1% above revised guidance, as the benefit of a weaker Colombian peso was more than offset by higher labour and contractor costs, including the delivery of the OSMOC project.

We expect FY24 Operating unit costs to increase by 5% to US$5.30/lb, with the benefit of lower price-linked royalties more than offset by a stronger Colombian peso and higher labour costs. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 29, footnote 43.

Financial performance

Underlying EBIT decreased by 59% (or US$274M), to US$189M in FY23, as a 23% decline in the average realised nickel price (-US$209M), reduced sales volumes (-US$22M) and increased labour and contractor costs (-US$20M), was partially offset by a weaker Colombian peso (+US$48M).

Capital expenditure

Safe and reliable capital expenditure increased by US$15M to US$33M in FY23 as we progressed planned furnace upgrades and invested in new mobile fleet. We expect to spend US$45M in FY24 as we continue these investments.

Improvement and life extension capital expenditure decreased by US$14M to US$5M in FY23 following the successful commissioning of the OSMOC project in H1 FY23.

The extended mining contract underpinned by the OSMOC project unlocks existing resources and creates an opportunity to analyse options to optimise our product mix in the battery supply chain. As part of this, we are progressing concept studies to assess the potential to produce intermediary nickel products for electric vehicle markets.

South32 share	FY23	FY22
Ore mined (kwmt)	5,560	4,867
Ore processed (kdmt)	2,807	2,703
Ore grade processed (%, Ni)	1.62	1.73
Payable nickel production (kt)	40.8	41.7
Payable nickel sales (kt)	40.8	41.8
Realised nickel sales price (US$/lb)[50]	7.76	10.08
Operating unit cost (US$/lb)	5.03	4.34

South32 share (US$M)	FY23	FY22
Underlying revenue	698	929
Underlying EBITDA	246	529
Underlying EBIT	189	463
Net operating assets	363	349
Capital expenditure	38	37
Safe and reliable	33	18
Improvement and life extension	5	19
Exploration expenditure	2	–
Exploration expensed	2	–

ILLAWARRA METALLURGICAL COAL

(100% SHARE)

Volumes

Illawarra Metallurgical Coal saleable production was largely unchanged at 6.5Mt in FY23 (Appin ~3.2Mt, Dendrobium ~3.3Mt), in-line with revised guidance. The operation completed two longwall moves during the year, and delivered a 22% increase in quarterly production in Q4 FY23, overcoming challenging mining conditions encountered at Appin in Q3 FY23.

We expect production to decrease to 5.0Mt in FY24 (Appin ~3.1Mt, Dendrobium ~1.9Mt), with a total of four longwall moves planned across the complex during the year. The next longwall at Dendrobium is now expected to commence in Q2 FY24 (previously Q1 FY24), with a changed starting position to accommodate a revised subsidence management plan.

FY25 production guidance is set at 5.5Mt (Appin ~3.6Mt, Dendrobium ~1.9Mt), consistent with our prior medium-term production guidance for the complex(25). We are on-track to transition Appin to a single longwall configuration in H2 FY25, which will deliver further operating and capital efficiencies. At Dendrobium, we remain focused on optimising the mine within approved domains.

Operating costs

Operating unit costs were largely unchanged at US$127/t in FY23, in-line with revised guidance, as the benefit of a weaker Australian dollar and lower price-linked royalties was offset by higher local energy costs.

We expect FY24 Operating unit costs to increase by 10% to US$140/t due to lower planned volumes in FY24, ahead of the transition to the more efficient single longwall configuration at Appin. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 29, footnote 43.

Financial performance

Underlying EBIT decreased by 50% (or US$696M), to US$692M in FY23, with a 27% decline in the average realised price for metallurgical coal (-US$550M), lower volumes (-US$133M) and higher contractor and labour costs (-US$23M). This more than offset the benefit of a weaker Australian dollar (+US$52M) and lower price-linked royalties (+US$43M).

Depreciation and amortisation increased by US$22M, to US$141M, reflecting higher development rates in FY23.

Capital expenditure

Safe and reliable capital expenditure increased by US$65M to US$242M in FY23. We continued to invest to support the transition to a more efficient single longwall configuration at Appin from H2 FY25, and commenced work to install additional ventilation capacity to enable mining in the current Area 7 until at least 2039(25). This ~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.

Improvement and life extension capital expenditure decreased to US$6M in FY23 as we ceased activity on the DND project. We expect to spend US$3M in FY24 as we progress further emissions abatement studies.

South32 share	FY23	FY22
Metallurgical coal production (kt)	5,497	5,712
Energy coal production (kt)	1,023	797
Metallurgical coal sales (kt)	5,402	5,823
Energy coal sales (kt)	957	783
Realised metallurgical coal sales price (US$/t)	279	381
Realised energy coal sales price (US$/t)	144	156
Operating unit cost (US$/t)	127	126

South32 share (US$M)	FY23	FY22
Underlying revenue(51)	1,643	2,338
Underlying EBITDA	833	1,507
Underlying EBIT	692	1,388
Net operating assets	769	786
Capital expenditure	248	189
Safe and reliable	242	177
Improvement and life extension	6	12
Exploration expenditure	17	11
Exploration expensed	9	9

AUSTRALIA MANGANESE

(60% SHARE)

Volumes

Australia Manganese saleable production increased by 5% (or 182kwmt) to a record 3,545kwmt in FY23, as improved yields supported higher primary concentrator output, and our low-cost PC02 circuit continued to operate above its design capacity.

The operation is expected to continue its strong performance with FY24 and FY25 guidance set at 3,400kwmt, subject to potential wet season impacts.

Operating costs

Operating unit costs were largely unchanged at US$1.88/dmtu in FY23, 5% below guidance, as the operation delivered strong production volumes and benefitted from a weaker Australian dollar.

As previously noted, we expect FY24 Operating unit costs to rise, with guidance set at US$2.15/dmtu, due to increased mining activity and contractor costs required to deliver planned volumes. This approach is designed to optimise margins and value given the position of Australia Manganese as one of the largest, lowest cost operations in the industry[52]. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 29, footnote 43.

Financial performance

Underlying EBIT decreased by 34% (or US$136M), to US$266M in FY23, as the benefit of lower freight rates (+US$36M) and a weaker Australian dollar (+US$21M), was more than offset by a 13% decline in average realised manganese ore prices (-US$128M), higher diesel prices (-US$14M) and contractor costs (-US$12M).

Sales volumes declined (-US$32M) due to in-land logistics constraints. We have optimised our road haulage and implemented alternative shipping solutions to improve our logistics chain and lift sales volumes in FY24.

Capital expenditure

Safe and reliable capital expenditure decreased by US$15M to US$41M in FY23. We expect to spend US$55M in FY24 as we invest in additional mobile fleet and mining equipment.

Improvement and life extension capital expenditure increased by US$11M to US$17M in FY23 as we completed the feasibility study for the Eastern Lease South life extension project, which was approved for development in Q3 FY23. We expect to invest US$35M in FY24 and US$9M in FY25, with first production from Eastern Lease South expected in FY25. The Eastern Lease South project is expected to sustain production to at least FY28[53], 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	FY23	FY22
Manganese ore production (kwmt)	3,545	3,363
Manganese ore sales (kwmt)	3,261	3,372
Realised external manganese ore sales price (US$/dmtu, FOB)[54][55]	4.59	5.29
Ore operating unit cost (US$/dmtu)[55][56]	1.88	1.86

South32 share (US$M)	FY23	FY22
Underlying revenue	688	848
Underlying EBITDA	369	488
Underlying EBIT	266	402
Net operating assets	239	258
Capital expenditure	58	62
Safe and reliable	41	56
Improvement and life extension	17	6
Exploration expenditure	1	1
Exploration expensed	–	–

SOUTH AFRICA MANGANESE

(ORE 54.6% SHARE, ALLOY 60% SHARE)

Volumes

South Africa Manganese saleable production increased by 2% (or 39kwmt) to a record 2,108kwmt in FY23, with increased volumes of premium material from our Mamatwan mine.

FY24 guidance of 2,000kwmt assumes we continue to use higher cost trucking to optimise sales volumes of our premium products. FY25 guidance is not provided, with volumes to be optimised subject to market conditions.

Operating costs

Operating unit costs decreased by 3% to US$2.64/dmtu in FY23, in-line with guidance, as the benefit of a weaker South African rand more than offset lower sales volumes due to a temporary reduction in third-party rail and port availability.

We expect FY24 Operating unit costs to decrease by 2% to US$2.60/dmtu, with the benefit of a weaker South African rand and lower price-linked royalties, to more than offset higher in-land logistics costs. Exchange rate and price assumptions for FY24 Operating unit cost guidance are detailed on page 29, footnote 43.

Financial performance

Ore Underlying EBIT decreased by 35% (or US$28M), to US$51M in FY23, as the benefit of a weaker South African rand (+US$32M) and lower freight rates (+US$25M), was more than offset by a 9% decline in average realised manganese ore prices (-US$53M) and lower sales volumes (-US$22M) due to the timing of shipments.

The Metalloys manganese alloy smelter remains on care and maintenance.

Capital expenditure

Safe and reliable capital expenditure was US$16M in FY23 as we invested in mining equipment. We expect to spend US$30M in FY24 as we upgrade our rail infrastructure to improve efficiencies.

Improvement and life extension capital expenditure was US$9M in FY23 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	FY23	FY22
Manganese ore production (kwmt)	2,108	2,069
Manganese ore sales (kwmt)	2,065	2,170
Realised external manganese ore sales price (US$/dmtu, FOB)[54][57]	3.58	3.92
Ore operating unit cost (US$/dmtu)[56][57]	2.64	2.73

South32 share (US$M)	FY23	FY22
Underlying revenue	344	419
Manganese ore	344	419
Manganese alloy	–	–
Underlying EBITDA	66	78
Manganese ore	72	99
Manganese alloy	(6)	(21)
Underlying EBIT	45	58
Manganese ore	51	79
Manganese alloy	(6)	(21)
Net operating assets/(liabilities)	143	135
Manganese ore	195	211
Manganese alloy	(52)	(76)
Capital expenditure	25	19
Safe and reliable	16	14
Improvement and life extension	9	5
Exploration expenditure	1	1
Exploration expensed	1	1

NOTES

(1) Net tangible assets as at 30 June 2023 includes all right-of-use assets and lease liabilities, in accordance with AASB 16 Leases.

(2) FY23 basic earnings per share is calculated as Profit after tax divided by the weighted average number of shares for FY23 (4,572 million). FY23 basic Underlying earnings per share is calculated as Underlying earnings divided by the weighted average number of shares for FY23. FY22 basic earnings per share is calculated as Profit after tax divided by the weighted average number of shares for FY22 (4,647 million). FY22 basic Underlying earnings per share is calculated as Underlying earnings divided by the weighted average number of shares for FY22.

(3) FY23 ordinary dividends per share is calculated as H1 FY23 ordinary dividend announced (US$224M) divided by the number of shares on issue at 31 December 2022 (4,572 million) plus H2 FY23 ordinary dividend announced (US$145M) divided by the number of shares on issue at 30 June 2023 (4,545 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 impairment reversal of Brazil Aluminium, and unproductive capital associated with Growth and Life Extension projects) and inventories.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) Refer to market release "Hermosa Project Non-Cash Impairment" dated 24 July 2023.

(14) FY23 growth in copper equivalent production at our base metals operations (Sierra Gorda, Cannington and Cerro Matoso), compared to FY22. Copper equivalent production was calculated using FY22 realised prices.

(15) Refer to market release "South32 unlocks up to US$200M in value from non-core royalty sale" dated 12 July 2022. The sales price included US$103M in cash payments, US$82M of Ecora Resources PLC (formerly known as Anglo Pacific Group PLC) shares issued on completion and contingent payments of up to US$15M. The cash payment comprises US$48M paid on completion, and US$55M payable in six equal quarterly instalments over the 18 months from completion (US$28M will be received across FY24). The contingent payment is triggered if the West Musgrave project achieves commercial production, and throughput and commodity price-related conditions are met prior to an agreed expiry date.

(16) Since inception, US$1.7B has been allocated to the on-market share buy-back (778M shares at an average price of A$3.04 per share) and US$525M returned in the form of special dividends.

(17) Refers to aluminium produced using renewable power.

(18) FY23 growth in copper equivalent production at our aluminium (Brazil Aluminium, Hillside Aluminium and Mozal Aluminium) and base metals (Sierra Gorda, Cannington and Cerro Matoso) operations, compared to FY22. Copper equivalent production was calculated using FY22 realised prices for all operations (except for Brazil Aluminium which is based on FY22 average index prices for aluminium).

(19) Market capitalisation as at 21 August 2023. Calculated as the number of shares on issue (4,545 million), the South32 closing share price A$3.68, and an AUD:USD exchange rate of 0.64.

(20) The transaction is expected to be completed in the March 2024 quarter.

(21) South32 acquired a 9.9% interest in Aldebaran Resources Inc for ~C$11M (~US$8M on payment date) in July 2022, with a further 4.9% interest agreed to be acquired in August 2023 for ~C$9M. On completion of the transaction, South32 will hold approximately 14.8% interest. Aldebaran Resources Inc.'s key asset is an option to acquire a controlling interest in the Altar copper project in San Juan, Argentina.

(22) 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.

(23) Goal is defined as an aspiration to deliver an outcome for which we have not identified a pathway for delivery, but for which efforts will be pursued towards achieving that outcome, subject to certain assumptions or conditions.

(24) In August 2023, the Chilean Mining Tax reforms became fully enacted and are effective from 1 January 2024. As part of the Group's acquisition of Sierra Gorda during FY22, the Group has the right to claim an indemnity from the vendors for any mining tax changes enacted prior to December 2025. As the Mining Tax reforms have become law, the Group has recognised other income of US$48M and a corresponding receivable of US$48M from the vendors in relation to the indemnity.

(25) Refer to market release "Dendrobium Next Domain Update" dated 23 August 2022. Based on average between FY24 and FY28, with outcomes to vary depending on the timing of longwall moves. The information in this announcement that relates to the Production Target for Appin (up to 2039) and Dendrobium (up to 2032) of Illawarra Metallurgical Coal is based on 23% Proved and 52% Probable Coal Reserves, and 20% Measured and 5% Indicated Coal Resources from Wongawilli (Dendrobium), and 9% Proved and 91% Probable Coal Reserves from Bulli (Appin). Production Target cautionary statement – The Coal Resources and 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 FY22 Annual Report (http://www.south32.net) published on 9 September 2022. The stated Production Target is based on South32's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

(26) 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.

(27) Underlying net finance costs and Underlying income tax expense are actual FY23 results, not year-on-year variances.

(28) 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, noting that the FY22 Income statement reflects only one month of our increased ownership at 63.7% following the completion of the acquisition for an additional 16.6% shareholding on 31 May 2022), 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).

(29) 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.
(30) Underlying ETR is Underlying income tax expense, including royalty related tax, divided by Underlying profit subject to tax.
(31) 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%. The South African corporate tax rate reduced from 28% to 27% from 1 July 2022. The Mozambique operations are subject to a royalty on revenues instead of income tax.
(32) From 1 January 2023, the Colombian dividend withholding tax has increased from 10% to 20% and income tax deductions are no longer available for royalty payments. Cerro Matoso is subject to a royalty tax equal to 13.5% of mine gate value which is included in operating cost.
(33) Australia Manganese is subject to a royalty related tax equal to 20% of adjusted EBIT which is included in Underlying tax expense.
(34) 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.
(35) FY23 net distributions from our material equity accounted joint ventures comprises of dividends (US$223M), a net drawdown of shareholder loans (US$50M) from manganese and a distribution (US$14M) from Sierra Gorda. The distribution from Sierra Gorda comprised a repayment of US$14M of accrued interest.
(36) Net interest paid excludes distributions from material equity accounted investments.
(37) 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.
(38) FY24e and FY25e growth in copper equivalent production at our aluminium (Brazil Aluminium, Hillside Aluminium and Mozal Aluminium) and copper (Sierra Gorda) operations, compared to FY23 and FY24e. Copper equivalent production was calculated using FY23 realised prices.
(39) Production guidance for Hillside Aluminium and Mozal Aluminium does not assume any load-shedding impact on production.
(40) 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, FY24e and FY25e. FY22 realised prices for copper (US$3.50/lb), molybdenum (US$18.48/lb), gold (US$1,934/oz) and silver (US$23.5/oz) have been used for FY22 and FY23 on page 22.
(41) 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, FY24e and FY25e. FY22 realised prices for zinc (US$3,248/t), lead (US$2,046/t) and silver (US$21.0/oz) have been used for FY22 and FY23 on page 23.
(42) 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 55 and 57.
(43) FY24 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.
(44) Peake Prospect Exploration Target: The information in this announcement that relates to Exploration Results for Peake prospect 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. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company 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.
(45) Flux Exploration Target: The information in this announcement that relates to the Exploration Target for Flux is extracted from the announcement entitled (South32 Strategy and Business Update) published on 18 May 2021 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.
(46) FY23 Third party products and services sold comprise US$86M for aluminium, US$25M for alumina, US$140M for coal, US$106M for freight services, US$149M for raw materials and US$33M for manganese. Underlying EBIT on third party products and services comprise (US$1M) for aluminium, US$13M for alumina, US$11M for coal, (US$1M) for freight services, US$1M for raw materials and nil for manganese. FY22 Third party products and services sold comprise US$110M for aluminium, US$25M for alumina, US$115M for coal, US$145M for freight services, US$165M for raw materials and US$40M for manganese. Underlying EBIT on third party products and services comprise US$8M for aluminium, US$8M for alumina, US$7M for coal, (US$3M) for freight services, nil for raw materials and nil for manganese.
(47) Refer to market release "South32 completes acquisition of additional shareholding in Mozal Aluminium" dated 31 May 2022. Historical production and sales figures have not been restated for our increased ownership (presented on a 47.1% basis to 31 May 2022).
(48) Presented on a 100% basis.
(49) 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.
(50) Cerro Matoso realised nickel sales price is inclusive of by-products.
(51) Illawarra Metallurgical Coal revenue includes metallurgical coal and energy coal sales revenue.
(52) Based on the CRU Cost Model 2022.
(53) Australia Manganese: The information in this announcement that refers to Production Target and forecast financial information is based on Proved (64%) and Probable (36%) Ore Reserves. The updated Mineral Resources and Ore Reserves underpinning the Production Target was prepared by Competent Persons and is an extract from our announcement entitled "Strategy and Business update" dated 16 May 2023 and is available to view on www.south32.net. The company 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. The company 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.
(54) 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.
(55) Manganese Australia FY23 average manganese content of external ore sales was 43.8% on a dry basis (FY22: 44.2%). 96% of FY23 external manganese ore sales (FY22: 96%) were completed on a CIF basis. FY23 realised FOB ore prices and Operating unit costs have been adjusted for freight and marketing costs of US$62M (FY22: US$96M), consistent with our FOB cost guidance.
(56) FOB Ore Operating unit cost is Underlying revenue less Underlying EBITDA, freight and marketing costs, divided by ore sales volume.
(57) Manganese South Africa FY23 average manganese content of external ore sales was 39.1% on a dry basis (FY22: 39.7%). 88% of FY23 external manganese ore sales (FY22: 75%) were completed on a CIF basis. FY23 realised FOB ore prices and Operating unit costs have been adjusted for freight and marketing costs of US$61M (FY22: US$88M), 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); financial year 2023 (FY23); 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 year ended 30 June 2023

BASIS OF PREPARATION

The financial information included in this document for the year ended 30 June 2023 is unaudited. The financial information does not constitute the Group's full financial statements for the year ended 30 June 2023, which will be approved by the Board, reported on by the auditors, and filed with the Australian Securities and Investments Commission. The Group's full financial statements will be prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), International Financial Reporting Standards (IFRS) and other authoritative pronouncements of the International Accounting Standards Board (IASB).

The financial information set out on pages 32 to 47 for the year ended 30 June 2023 has been prepared on the basis of accounting policies and methods of computation consistent with those applied in the 30 June 2022 financial statements contained within the Annual Report of the Group. As required, and unless otherwise stated, comparative financial information for the Group has been presented.

All amounts are expressed in US dollars unless otherwise stated. The Group's presentation currency (and the functional currency of the majority of its operations) is US dollars as this is the principal currency of the economic environment in which it operates.

Amounts in this financial information have, unless otherwise indicated, been rounded to the nearest million dollars (US$M or US$ million).

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2023

US$M	FY23	FY22
Revenue:		
Group production	**6,795**	8,522
Third party products and services	**634**	747
	7,429	9,269
Other income	**345**	183
Expenses excluding finance costs	**(7,822)**	(6,000)
Share of profit/(loss) of equity accounted investments	**246**	272
Profit from operations	**198**	3,724
Comprising:		
Group production	**175**	3,704
Third party products and services	**23**	20
Profit from operations	**198**	3,724
Finance income	**222**	79
Finance costs	**(207)**	(110)
Net finance income/(costs)	**15**	(31)
Profit before tax	**213**	3,693
Income tax expense	**(386)**	(1,024)
Profit/(loss) for the year	**(173)**	2,669
Attributable to:		
Equity holders of South32 Limited	**(173)**	2,669
Profit/(loss) for the year attributable to equity holders of South32 Limited:		
Basic earnings per share (cents)	**(3.8)**	57.4
Diluted earnings per share (cents)	**(3.8)**	57.0

The accompanying notes form part of the financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2023

US$M	FY23	FY22
Profit/(loss) for the year	**(173)**	2,669
Other comprehensive income		
Items that may be reclassified to the Consolidated Income Statement:		
Share of other comprehensive income/(loss) of equity accounted investments	**6**	(4)
Total items that may be reclassified to the Consolidated Income Statement	**6**	(4)
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)	**(11)**	(78)
Income tax (expense)/benefit	**3**	24
Share of other comprehensive income/(loss) of equity accounted investments	**-**	1
Gains/(losses) on pension and medical schemes	**3**	3
Income tax (expense)/benefit recognised within other comprehensive income	**(1)**	(1)
Total items that will not be reclassified to the Consolidated Income Statement	**(6)**	(51)
Total other comprehensive income/(loss)	**-**	(55)
Total comprehensive income/(loss)	**(173)**	2,614
Attributable to:		
Equity holders of South32 Limited	**(173)**	2,614

The accompanying notes form part of the financial information.

CONSOLIDATED BALANCE SHEET

as at 30 June 2023

US$M	FY23	FY22
ASSETS		
Current assets		
Cash and cash equivalents	**1,258**	2,365
Trade and other receivables	**778**	844
Other financial assets	**1**	1
Inventories	**1,102**	982
Current tax assets	**54**	4
Other assets	**46**	44
Total current assets	**3,239**	4,240
Non-current assets		
Trade and other receivables	**1,923**	1,903
Other financial assets	**118**	64
Inventories	**82**	76
Property, plant and equipment	**8,050**	8,988
Intangible assets	**242**	186
Equity accounted investments	**499**	470
Deferred tax assets	**390**	394
Other assets	**21**	15
Total non-current assets	**11,325**	12,096
Total assets	**14,564**	16,336
LIABILITIES		
Current liabilities		
Trade and other payables	**985**	989
Interest bearing liabilities	**365**	402
Other financial liabilities	**-**	6
Current tax payables	**10**	308
Provisions	**194**	186
Deferred income	**6**	6
Total current liabilities	**1,560**	1,897
Non-current liabilities		
Trade and other payables	**19**	8
Interest bearing liabilities	**1,376**	1,425
Other financial liabilities	**37**	84
Deferred tax liabilities	**210**	307
Provisions	**1,986**	1,835
Deferred income	**1**	1
Total non-current liabilities	**3,629**	3,660
Total liabilities	**5,189**	5,557
Net assets	**9,375**	10,779
EQUITY		
Share capital	**13,251**	13,469
Treasury shares	**(51)**	(32)
Reserves	**(3,553)**	(3,558)
Retained earnings/(accumulated losses)	**(271)**	901
Total equity attributable to equity holders of South32 Limited	**9,376**	10,780
Non-controlling interests	**(1)**	(1)
Total equity	**9,375**	10,779

The accompanying notes form part of the financial information.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2023

US$M	FY23	FY22
Operating activities		
Profit before tax	**213**	3,693
Adjustments for:		
Non-cash or non-operating significant items	**(186)**	(77)
Depreciation and amortisation expense	**653**	624
Net impairment loss/(reversal) of financial assets	**71**	26
Net impairment loss/(reversal) of non-financial assets	**1,300**	145
Employee share awards expense	**24**	23
Net finance (income)/costs	**(15)**	31
Share of (profit)/loss of equity accounted investments	**(246)**	(272)
(Gains)/losses on derivative instruments, contingent consideration and other investments measured at fair value through profit or loss (FVTPL)	**(6)**	(29)
Other non-cash or non-operating items	**(4)**	(18)
Changes in assets and liabilities:		
Trade and other receivables	**178**	(300)
Inventories	**(126)**	(206)
Trade and other payables	**(45)**	160
Provisions and other liabilities	**3**	(82)
Cash generated from operations	**1,814**	3,718
Interest received	**78**	66
Interest paid	**(109)**	(70)
Income tax paid	**(818)**	(868)
Dividends received	**3**	-
Dividends received from equity accounted investments	**223**	224
Net cash flows from operating activities	**1,191**	3,070
Investing activities		
Purchases of property, plant and equipment	**(790)**	(522)
Exploration expenditure	**(98)**	(70)
Exploration expenditure expensed and included in operating cash flows	**59**	37
Purchase of intangibles	**(65)**	(4)
Investment in financial assets	**(179)**	(222)
Proceeds from financial assets	**117**	230
Payments related to the acquisition of subsidiaries and joint operations, net of their cash	**(25)**	(114)
Payments related to the acquisition of equity accounted investments	**-**	(1,430)
Proceeds from sale of intangibles	**73**	-
Net cash flows from investing activities	**(908)**	(2,095)
Financing activities		
Proceeds from interest bearing liabilities	**-**	1,527
Repayment of interest bearing liabilities	**(133)**	(932)
Purchase of shares by Employee Share Ownership Plan (ESOP) Trusts	**(33)**	(22)
Share buy-back	**(218)**	(128)
Dividends paid	**(1,007)**	(660)
Net cash flows from financing activities	**(1,391)**	(215)
Net increase/(decrease) in cash and cash equivalents	**(1,108)**	760
Cash and cash equivalents, net of overdrafts, at the beginning of the year	**2,365**	1,613
Effect of foreign exchange rate changes on cash and cash equivalents	**1**	(8)
Cash and cash equivalents, net of overdrafts, at the end of the year	**1,258**	2,365

The accompanying notes form part of the financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 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)	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
Balance as at 1 July 2022	**13,469**	**(32)**	**(6)**	**45**	**(3,597)**	**901**	**10,780**	**(1)**	**10,779**
Profit/(loss) for the year	-	-	-	-	-	**(173)**	**(173)**	-	**(173)**
Other comprehensive income/(loss)	-	-	**(8)**	-	**6**	**2**	-	-	-
Total comprehensive income/(loss)	-	-	**(8)**	-	**6**	**(171)**	**(173)**	-	**(173)**
Transactions with owners:									
Dividends	-	-	-	-	-	**(1,007)**	**(1,007)**	-	**(1,007)**
Shares bought back and cancelled	**(218)**	-	-	-	-	-	**(218)**	-	**(218)**
Employee share entitlements for unvested awards, net of tax	-	-	-	**29**	-	-	**29**	-	**29**
Employee share awards vested and lapsed, net of tax	-	**14**	-	**(22)**	-	**6**	**(2)**	-	**(2)**
Purchase of shares by ESOP Trusts	-	**(33)**	-	-	-	-	**(33)**	-	**(33)**
Balance as at 30 June 2023	**13,251**	**(51)**	**(14)**	**52**	**(3,591)**	**(271)**	**9,376**	**(1)**	**9,375**
Balance as at 1 July 2021	13,597	(22)	(22)	48	(3,593)	(1,053)	8,955	(1)	8,954
Profit/(loss) for the year	-	-	-	-	-	2,669	2,669	-	2,669
Other comprehensive income/(loss)	-	-	(54)	-	(4)	3	(55)	-	(55)
Total comprehensive income/(loss)	-	-	(54)	-	(4)	2,672	2,614	-	2,614
Transactions with owners:									
Dividends	-	-	-	-	-	(660)	(660)	-	(660)
Shares bought back and cancelled	(128)	-	-	-	-	-	(128)	-	(128)
Employee share entitlements for unvested awards, net of tax	-	-	-	27	-	-	27	-	27
Employee share awards vested and lapsed, net of tax	-	12	-	(30)	-	12	(6)	-	(6)
Purchase of shares by ESOP Trusts	-	(22)	-	-	-	-	(22)	-	(22)
Transfer of cumulative fair value loss on an investment in equity instruments designated as FVOCI(4)	-	-	70	-	-	(70)	-	-	-
Balance as at 30 June 2022	13,469	(32)	(6)	45	(3,597)	901	10,780	(1)	10,779

(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.

(4) Relates to the acquisition of an additional 18.2 per cent shareholding and related rights in Mineração Rio do Norte in FY22.

The accompanying notes form part of the financial information.

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 options 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 before net finance income/(costs), income tax expense, royalty related 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 (including net finance income/(costs)) 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.

SEGMENT INFORMATION (CONTINUED)

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	1,364	456	166	1,822	888	682	554	-	698	1,664	720	369	(236)	9,147
Other[2]	(1)	-	-	1	(2)	2	(12)	-	-	(21)	(32)	(25)	(7)	(97)
Total underlying revenue	1,363	456	166	1,823	886	684	542	-	698	1,643	688	344	(243)	9,050
Comprising:														
Group production	642	395	166	1,823	886	684	542	-	698	1,643	688	344	-	8,511
Third party products and services[3]	-	-	-	-	-	-	-	-	-	-	-	-	539	539
Inter-segment revenue	721	61	-	-	-	-	-	-	-	-	-	-	(782)	-
Total underlying revenue	1,363	456	166	1,823	886	684	542	-	698	1,643	688	344	(243)	9,050
Underlying EBITDA	251	7	(129)	257	108	358	213	(15)	246	833	369	66	(30)	2,534
Underlying depreciation and amortisation	(183)	(52)	(7)	(66)	(52)	(141)	(71)	(4)	(57)	(141)	(103)	(21)	(20)	(918)
Underlying EBIT	68	(45)	(136)	191	56	217	142	(19)	189	692	266	45	(50)	1,616
Comprising:														
Group production	68	(51)	(136)	191	56	221	148	(19)	191	696	266	46	(31)	1,646
Exploration expensed	-	-	-	-	-	(4)	(6)	-	(2)	(9)	-	(1)	(42)	(64)
Third party products and services[3]	-	-	-	-	-	-	-	-	-	-	-	-	23	23
Share of profit/(loss) of equity accounted investments	-	6	-	-	-	-	-	-	-	5	-	-	-	11
Underlying EBIT	68	(45)	(136)	191	56	217	142	(19)	189	692	266	45	(50)	1,616
Underlying net finance costs														(188)
Underlying income tax expense														(457)
Underlying royalty related tax expense														(55)
Underlying earnings														916
Total adjustments to profit/(loss)[4]														(1,089)
Profit/(loss) for the year														(173)
Underlying exploration expenditure	-	-	-	-	-	7	8	20	2	17	1	1	51	107
Underlying capital expenditure[5]	82	58	9	18	17	196	61	256	38	248	58	25	3	1,069
Underlying equity accounted investments	-	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$128 million and third party product revenue of US$33 million included in Group and unallocated items/eliminations. Refer to 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$86 million for aluminium, US$25 million for alumina, US$140 million for coal, US$33 million for manganese, US$106 million for freight services and US$149 million for raw materials. Underlying EBIT on third party products and services sold comprises US$(1) million for aluminium, US$13 million for alumina, US$11 million for coal, US$(1) million for freight services and US$1 million for raw materials.

(4) Represents the total of all adjustments made to Profit from operations, Net finance income/(costs) and Income tax expense. Refer to 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.

SEGMENT INFORMATION (CONTINUED)

FY22

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	1,626	522	-	2,257	925	280	771	-	927	2,336	833	418	(205)	10,690
Other[2]	(1)	2	-	(3)	(1)	(39)	(35)	-	2	2	15	1	(3)	(60)
Total underlying revenue	1,625	524	-	2,254	924	241	736	-	929	2,338	848	419	(208)	10,630
Comprising:														
Group production	818	523	-	2,254	924	241	736	-	929	2,338	848	419	-	10,030
Third party products and services[3]	-	-	-	-	-	-	-	-	-	-	-	-	600	600
Inter-segment revenue	807	1	-	-	-	-	-	-	-	-	-	-	(808)	-
Total underlying revenue	1,625	524	-	2,254	924	241	736	-	929	2,338	848	419	(208)	10,630
Underlying EBITDA	571	150	(43)	730	305	133	388	(12)	529	1,507	488	78	(69)	4,755
Underlying depreciation and amortisation	(185)	(61)	(1)	(64)	(34)	(58)	(73)	(2)	(66)	(119)	(86)	(20)	(19)	(788)
Underlying EBIT	386	89	(44)	666	271	75	315	(14)	463	1,388	402	58	(88)	3,967
Comprising:														
Group production	386	92	(44)	666	271	76	317	(14)	463	1,396	402	59	(82)	3,988
Exploration expensed	-	-	-	-	-	(1)	(2)	-	-	(9)	-	(1)	(26)	(39)
Third party products and services[3]	-	-	-	-	-	-	-	-	-	-	-	-	20	20
Share of profit/(loss) of equity accounted investments	-	(3)	-	-	-	-	-	-	-	1	-	-	-	(2)
Underlying EBIT	386	89	(44)	666	271	75	315	(14)	463	1,388	402	58	(88)	3,967
Underlying net finance costs														(155)
Underlying income tax expense														(1,151)
Underlying royalty related tax expense														(59)
Underlying earnings														2,602
Total adjustments to profit/(loss)[4]														67
Profit/(loss) for the year														2,669
Underlying exploration expenditure	-	-	-	-	-	2	3	19	-	11	1	1	37	74
Underlying capital expenditure[5]	55	51	1	24	11	81	45	97	37	189	62	19	12	684
Underlying equity accounted investments	-	40	-	-	-	-	-	-	-	2	-	-	-	42
Total underlying assets[6]	3,571	805	67	1,284	764	1,614	555	2,098	592	1,277	645	331	3,666	17,269
Total underlying liabilities[6]	1,000	109	21	357	149	212	414	67	243	491	387	196	2,844	6,490

(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$187 million and third party product revenue of US$40 million included in Group and unallocated items/eliminations. Refer to 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$110 million for aluminium, US$25 million for alumina, US$115 million for coal, US$40 million for manganese, US$145 million for freight services and US$165 million for raw materials. Underlying EBIT on third party products and services sold comprises US$8 million for aluminium, US$8 million for alumina, US$7 million for coal and US$(3) 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 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.

UNDERLYING RESULTS RECONCILIATION

The following tables reconcile the underlying segment information to the statutory financial information:

US$M	FY23	FY22
Underlying EBIT	**1,616**	3,967
Significant items[1]	**186**	77
Sierra Gorda joint venture adjustments[2][3]	**(144)**	(44)
Manganese joint venture adjustments[2][4]	**(147)**	(216)
Gains on the consolidation of interests in operations[5]	**-**	9
Exchange rate gains/(losses) on restatement of monetary items[6]	**62**	50
Net impairment (loss)/reversal of financial assets[6][7]	**(71)**	(26)
Net impairment (loss)/reversal of non-financial assets[6][8]	**(1,300)**	(145)
Gains/(losses) on non-trading derivative instruments, contingent consideration and other investments measured at FVTPL[6]	**(4)**	52
Profit from operations	**198**	3,724
Underlying net finance costs	**(188)**	(155)
Sierra Gorda joint venture adjustments[2]	**167**	62
Manganese joint venture adjustments[2]	**28**	22
Exchange rate variations on net cash/(debt)	**8**	40
Net finance income/(costs)	**15**	(31)
Underlying income tax expense	**(457)**	(1,151)
Underlying royalty related tax expense	**(55)**	(59)
Tax effect of significant items[1]	**(23)**	(26)
Sierra Gorda joint venture adjustments relating to income tax expense[2]	**11**	1
Sierra Gorda joint venture adjustments relating to royalty related tax expense[2]	**12**	4
Manganese joint venture adjustments relating to income tax expense[2]	**85**	153
Manganese joint venture adjustments relating to royalty related tax expense[2]	**43**	55
Tax effect of other adjustments to Underlying EBIT	**(3)**	32
Tax effect of other adjustments to Underlying net finance costs	**(3)**	(13)
Exchange rate variations on tax balances	**4**	(20)
Income tax expense	**(386)**	(1,024)
Underlying earnings	**916**	2,602
Total adjustments to profit/(loss)	**(1,089)**	67
Profit/(loss) for the year	**(173)**	2,669

(1) Refer to 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$101 million (FY22: US$30 million), and the carrying value of a purchased credit-impaired receivable of US$1,711 million (FY22: US$1,648 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$71 million (FY22: gain of US$26 million) relating to the shareholder loan payable that was eliminated from the Group's Underlying EBIT upon proportional consolidation.

(4) Includes earnings adjustments of US$(3) million (FY22: US$6 million) included in the Australia Manganese segment and US$12 million (FY22: US$8 million) included in the South Africa Manganese segment.

(5) FY22 gain relates to the acquisition of an additional 16.6 per cent shareholding and related rights in Mozal Aluminium, recognised in other income in the Consolidated Income Statement.

(6) Recognised in expenses excluding finance costs in the Consolidated Income Statement.

(7) Refer to Impairment of financial assets.

(8) Refer to Impairment of non-financial assets.

FY23 US$M	Group underlying results	Sierra Gorda joint venture adjustments	Manganese joint venture adjustments	Group statutory results
Total revenue	**9,050**	**(684)**	**(937)**	**7,429**
Depreciation and amortisation	**918**	**(141)**	**(124)**	**653**
Share of profit/(loss) of equity accounted investments	**11**	**71**	**164**	**246**
Exploration expenditure	**107**	**(7)**	**(2)**	**98**
Capital expenditure	**1,069**	**(196)**	**(83)**	**790**
Equity accounted investments	**58**	**101**	**340**	**499**
Total assets	**15,515**	**(450)**	**(501)**	**14,564**
Total liabilities	**6,140**	**(450)**	**(501)**	**5,189**

UNDERLYING RESULTS RECONCILIATION (CONTINUED)

FY22 US$M	Group underlying results	Sierra Gorda joint venture adjustments	Manganese joint venture adjustments	Group statutory results
Total revenue	10,630	(241)	(1,120)	9,269
Depreciation and amortisation	788	(58)	(106)	624
Share of profit/(loss) of equity accounted investments	(2)	30	244	272
Exploration expenditure	74	(2)	(2)	70
Capital expenditure	684	(81)	(81)	522
Equity accounted investments	42	30	398	470
Total assets	17,269	(452)	(481)	16,336
Total liabilities	6,490	(452)	(481)	5,557

Significant items

Significant items are those items, not separately identified in the Underlying results reconciliation, whose nature and amount are considered material to the Group's consolidated financial statements.

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**
Vendor indemnity relating to the Sierra Gorda acquisition	**48**	**-**	**48**
Total significant items	**186**	**(23)**	**163**

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.

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 the year, the Group recognised an income tax benefit of US$31 million relating to tax liabilities recognised on the acquisition of Sierra Gorda during FY22. The US$31 million benefit comprises a reassessment of US$17 million and foreign exchange gain of US$14 million which is 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.

Vendor indemnity relating to the Sierra Gorda acquisition

On 17 May 2023, Chilean Mining Tax reforms were passed by the Chilean Congress and subsequently enacted in August 2023. As part of the Group's acquisition of Sierra Gorda during FY22, the Group has the right to claim an indemnity from the vendors for any mining tax changes enacted prior to December 2025. As a result of these changes the Group has recognised other income of US$48 million in the Group's Consolidated Income Statement and a corresponding receivable of US$48 million from the vendors on the Group's Consolidated Balance Sheet in relation to the indemnity.

UNDERLYING RESULTS RECONCILIATION (CONTINUED)

Significant items (continued)

FY22 US$M	Gross	Tax	Net
Recognition of indirect tax assets	77	(26)	51
Total significant items	77	(26)	51

Recognition of indirect tax assets

Following the Group's decision to participate in the restart of Brazil Aluminium, the Group recognised indirect tax assets of US$77 million that were previously expensed since the smelter was placed on care and maintenance in 2015. The recognition of the indirect tax assets has resulted in a significant one-off amount of US$77 million (US$51 million post-tax) being recorded as other income in the Consolidated Income Statement.

Impairment of financial assets

The Group recognised the following net impairment of financial assets:

US$M	FY23	FY22
Trade and other receivables		
Loans to equity accounted investments(1)	**(71)**	(26)

(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 the Sierra Gorda operation is dependent on its financial performance. At 30 June 2023, the Group updated its estimated timing of the loan repayments and as a result recognised an impairment of US$71 million (FY22: impairment of US$26 million) which is included in expenses excluding finance costs in the Consolidated Income Statement. The future loan repayments were informed by a production profile based on mineral resources and mineral reserves that are qualifying foreign estimates under the ASX Listing Rules, 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.

For further information on the qualifying foreign estimates and production profile, refer to market release "South32 to acquire a 45 per cent interest in the Sierra Gorda Copper mine" dated 14 October 2021. The Group's technical team has been reviewing available information in collaboration with the Sierra Gorda operational team to verify the foreign resource and reserve estimates, with the intention of enabling these estimates to be reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Following a review of all information, we have updated the Mineral Resource estimate in accordance with the JORC Code. Refer to market release "Sierra Gorda Mineral Resource declaration" dated 24 August 2023 for additional information.

With respect to the mineral reserve estimate, the Group is not in possession of any new information or data relating to the foreign estimate that materially impacts on the reliability of the estimates or our ability to verify the foreign mineral reserve estimates as Ore Reserves in accordance with the JORC Code. The Group confirms that the information contained in our 14 October 2021 market release in relation to the mineral reserve foreign estimates continues to apply and has not materially changed. The Competent Person has not done sufficient work to classify the foreign estimates as Ore Reserves in accordance with the JORC Code and it is uncertain at this time whether, following evaluation and further exploration, the foreign estimates will be able to be reported as Ore Reserves in accordance with the JORC Code.

UNDERLYING RESULTS RECONCILIATION (CONTINUED)

Impairment of non-financial assets

The Group recognised the following net impairment of non-financial assets:

US$M	FY23	FY22
Impairment		
Property, plant and equipment(1)	**(1,300)**	(176)
Right-of-use assets(1)	**-**	(7)
Intangible assets	**-**	(4)
Impairment reversal		
Property, plant and equipment(2)	**-**	42
Net impairment of non-financial assets	**(1,300)**	(145)

(1) FY23 relates to a US$1,300 million impairment of the Taylor Deposit at Hermosa. FY22 relates to a US$183 million impairment included in Group and unallocated items in respect of Eagle Downs. This includes a US$176 million impairment of property, plant and equipment and a US$7 million impairment of right-of-use lease assets.

(2) FY22 relates to a US$42 million impairment reversal included in the Brazil Aluminium segment.

Hermosa – Taylor Deposit

In August 2018, the Group completed its acquisition of the Hermosa project located in Arizona, United States. The Hermosa project comprises the zinc-lead-silver sulphide deposit (Taylor Deposit), the manganese-zinc-silver oxide deposit (Clark Deposit) and a land package with the potential for further polymetallic and copper mineralisation (Land Package). In FY23, the Group advanced the feasibility study for the Taylor Deposit, completed a pre-feasibility selection study for the Clark Deposit and announced that the US Federal Permitting Improvement Steering Council, an independent federal agency, had confirmed the Hermosa project as the first mining project added to the FAST-41 process. Since acquisition, the fair value of the Taylor Deposit has been negatively impacted by delayed first production as a result of COVID-19 related restrictions and significant dewatering requirements, as well as capital cost escalation in line with industry-wide inflation.

Recently completed study work confirmed that the Taylor Deposit and the Clark Deposit can be developed independently. As a result, the Group identified three separate areas of interest within the Hermosa project; the Taylor Deposit, the Clark Deposit and the Regional Land Package. On separation into three separate areas of interest, the Group allocated the carrying value of the previous single Hermosa area of interest to each of the newly identified and separate areas of interest.

As a result of the study work to date, the Group identified an impairment indicator for the Taylor Deposit and recognised a resulting impairment of property, plant and equipment of US$1,300 million in FY23 within expenses excluding finance costs in the Consolidated Income Statement. The impairment of US$1,300 million includes US$1,049 million recognised in other mineral assets, US$119 million recognised in assets under construction and US$132 million recognised in exploration and evaluation. The recoverable amount of the Taylor Deposit was determined as US$482 million based on its Fair Value less Cost of Disposal (FVLCD).

The fair value measurement was categorised as a Level 3 fair value based on the inputs in the discounted cashflow valuation model. The recoverable amount was informed by inputs from the feasibility study in progress for the Taylor Deposit, including the expected technical performance of the deposit as well as expected capital and operating costs for the life of the operation. The determination of FVLCD was most sensitive to:

- Zinc, lead and silver prices;
- Pre-production capital expenditure;
- Mineral Resource estimation;
- Development approvals; and
- Discount rate.

Zinc, lead and silver prices - The long-run zinc, lead, and silver prices, in real terms, used in the FVLCD determinations were within the following ranges:

FY23	Assumptions used
Zinc (US$/t)	2,700 to 3,200
Lead (US$/t)	2,000 to 2,100
Silver (US$/oz)	20 to 22

UNDERLYING RESULTS RECONCILIATION (CONTINUED)

Impairment of non-financial assets (continued)

Hermosa – Taylor Deposit (continued)

Pre-production capital expenditure - The calculation of FVLCD includes an estimate of pre-production capital to support the development of the Taylor Deposit to its nameplate capacity of up to 4.3 million tonnes per annum. Key inputs including steel, cement and electrical components are subject to uncertainties, including industry-wide inflation.

Mineral Resource estimation - The Mineral Resource estimate of the Taylor Deposit is reported in accordance with the JORC Code, and the ASX Listing Rules Chapter 5: Additional reporting on mining and oil and gas production and exploration activities. Refer to market release "Hermosa Project – Mineral Resource Estimate and Exploration Results update" dated 24 July 2023 for an update on the Taylor Deposit Mineral Resource estimate.

Development approvals - Construction is planned to commence in late FY24, subject to a final investment decision for the Taylor Deposit. The addition of the Hermosa project to the FAST-41 process has reduced the expected timing of Federal environmental approvals and permits by approximately 2 years. A Record of Decision (RoD) to permit surface disturbance and additional tailings storage on unpatented land will require completion of the National Environmental Policy Act process with the United States Forest Service. The ramp-up to planned nameplate production could be impacted if the RoD is delayed as production will have to be slowed due to tailings capacity restrictions on patented lands.

Discount rate - In determining the FVLCD, a real US$ post tax discount rate range of between 6 and 8 per cent was applied to discount future cash flows expressed in real terms.

The following table illustrates the sensitivity of the recoverable amount of the Taylor Deposit based on a reasonably possible change in key assumptions. Owing to the complexity of the relationships between each key assumption, the analysis was performed for each assumption individually (all other assumptions held constant).

FY23	Change in assumption	Impact on profit/(loss) after tax	
US$M		Favourable	Unfavourable
Zinc prices	10%	**235**	**(235)**
Lead prices	10%	**200**	**(200)**
Silver prices	10%	**120**	**(120)**
Pre-production capital expenditure	10%	**205**	**(205)**
Discount rate	100 basis points	**335**	**(275)**

INCOME TAX EXPENSE

US$M	FY23	FY22
Current income tax expense	**(476)**	(1,006)
Deferred income tax (expense)/benefit	**90**	(18)
Total income tax expense	**(386)**	(1,024)

DIVIDENDS

US$M	FY23	FY22
Prior year final dividend(1)	**646**	163
Prior year special dividend(1)	**138**	93
Interim dividend(2)	**223**	404
Total dividends declared and paid during the year	**1,007**	660

(1) On 25 August 2022, the Directors resolved to pay a fully franked final dividend of US 14.0 cents per share (US$648 million) and a fully franked special dividend of US 3.0 cents per share (US$139 million) in respect of the 2022 financial year. The dividends were paid on 13 October 2022. In addition to the ESOP Trusts receiving dividends from South32 Limited, a total of 9,665,568 shares were bought back between the declaration and the ex-dividend dates, therefore reducing the dividends paid externally to US$784 million.

(2) On 16 February 2023, the Directors resolved to pay a fully-franked interim dividend of US 4.9 cents per share (US$224 million) in respect of the 2023 financial half year. The dividend was paid on 6 April 2023. In addition to the ESOP Trusts receiving dividends from South32 Limited, a total of 3,292,746 shares were bought back between the declaration and the ex-dividend dates, therefore reducing the dividend paid externally to US$223 million.

EARNINGS PER SHARE

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

Dilutive EPS amounts are calculated based on profit or loss 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 or loss and share data used in the basic and diluted EPS computations:

Profit/(loss) attributable to equity holders US$M	FY23	FY22
Profit/(loss) attributable to equity holders of South32 Limited (basic)	**(173)**	2,669
Profit/(loss) attributable to equity holders of South32 Limited (diluted)	**(173)**	2,669

Weighted average number of shares Million	FY23	FY22
Basic EPS denominator(1)	**4,572**	4,647
Shares contingently issuable under employee share ownership plans(2)	**-**	32
Diluted EPS denominator	**4,572**	4,679

(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.

(2) The diluted EPS calculation excludes 26,994,090 (FY22: nil) rights which are considered anti-dilutive and are subject to service and performance conditions.

Earnings per share US cents	FY23	FY22
Basic EPS	**(3.8)**	57.4
Diluted EPS	**(3.8)**	57.0

NET FINANCE INCOME/(COSTS)

US$M	FY23	FY22
Finance income		
Interest on loans to equity accounted investments	**162**	63
Other interest income	**60**	16
Total finance income	**222**	79
Finance costs		
Interest on borrowings	**(68)**	(31)
Interest on lease liabilities	**(52)**	(53)
Discounting on provisions and other liabilities	**(92)**	(65)
Change in discount rate on closure and rehabilitation provisions	**-**	2
Net interest expense on post-retirement employee benefits	**(3)**	(3)
Exchange rate variations on net debt	**8**	40
Total finance costs	**(207)**	(110)
Net finance income/(costs)	**15**	(31)

EQUITY ACCOUNTED INVESTMENTS

The Group's interest in equity accounted investments with the most significant contribution to the Group's net profit/(loss) or net assets, are as follows:

Significant joint ventures	Country of incorporation	Principal activity	Acquisition date	Ownership interest % FY23	FY22
Australia Manganese(1)	Australia	Manganese ore mine	8 May 2015	**60**	60
South Africa Manganese(2)	South Africa	Manganese ore mines	3 February 2015	**60**	60
Sierra Gorda(3)	Chile	Copper mine	22 February 2022	**45**	45

(1) Australia Manganese consists of an investment in Groote Eylandt Mining Company Pty Ltd (GEMCO).

(2) 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.

(3) Sierra Gorda consists of an investment in Sierra Gorda Sociedad Contractual Minera.

Share of profit/(loss) of equity accounted investments US$M	FY23	FY22
Australia Manganese	**120**	211
South Africa Manganese	**36**	31
Sierra Gorda	**71**	30
Individually immaterial(1)	**19**	-
Total	**246**	272

(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).

INTERESTS IN JOINT OPERATIONS

Significant joint operations of the Group, which are those with the most significant contribution to the Group's net profit/(loss) or net assets, are as follows:

Significant joint operations	Country of operation	Principal activity	Acquisition date	Effective interest % FY23	FY22
Ambler Metals	United States	Base metals exploration and development option	11 February 2020	**50**	50
Brazil Alumina	Brazil	Integrated bauxite mine and alumina refinery	3 July 2014	**36**	36
Brazil Aluminium	Brazil	Aluminium smelter	3 July 2014	**40**	40
Eagle Downs Metallurgical Coal	Australia	Metallurgical coal exploration and development option	14 September 2018	**50**	50
Mozal Aluminium(1)	Mozambique	Aluminium smelter	27 March 2015(2)	**63.7**	63.7
Worsley Alumina(1)	Australia	Integrated bauxite mine and alumina refinery	8 May 2015	**86**	86

(1) While the Group holds a greater than 50 per cent interest in Worsley Alumina and Mozal Aluminium, participants jointly approve certain matters and are entitled to receive their share of output from the arrangement.

(2) The Group initially acquired a 47.1 per cent interest on 27 March 2015 and subsequently acquired a further 16.6 per cent interest on 31 May 2022.

SUBSEQUENT EVENTS

Capital management

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 will be paid on 12 October 2023. The dividends have not been provided for in the consolidated financial statements and will be recognised in the 2024 financial year.

On 24 August 2023, the Group also announced an increase to the existing capital management program, announced in March 2017, of US$50 million to a total of US$2.4 billion. This leaves US$133 million expected to be returned by 1 March 2024.

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

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.

FURTHER INFORMATION

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