

QUARTERLY REPORT

MARCH 2022



South32 Limited
(Incorporated in Australia under the Corporations Act 2001 (Cth))
(ACN 093 732 597)

ASX / LSE / JSE Share Code: S32; ADR: SOUHY
ISIN: AU000000S320

- Our FY22 production guidance remains unchanged with our operations continuing to deliver to plan, capitalising on strong prices
- Our FY22 Operating unit cost guidance has been updated to reflect stronger producer currencies, higher raw material costs and the increase in commodity prices, that in many cases result in higher price-linked royalties at our operations
- We finished the period with net cash¹ of US\$52M after completing the acquisition of a 45% interest in the Sierra Gorda copper mine² for US\$1.4B during the quarter
- Worsley Alumina remains on-track to creep production beyond nameplate capacity in FY22, with the refinery benefitting from historical investment and ongoing improvement initiatives
- Brazil Aluminium³ delivered first metal from the restart of the renewable-powered Alumar smelter following the end of the period
- Hillside Aluminium and Mozal Aluminium continued to test their maximum technical capacity, taking advantage of record aluminium prices
- Sierra Gorda recorded 9.7kt of copper equivalent production⁴ for the period following the completion of our acquisition on 22 February 2022
- Cannington delivered a 6% increase in year to date zinc equivalent production⁵, benefitting from higher planned silver grades and a drawdown in run of mine inventory
- Cerro Matoso achieved a 33% increase in year to date nickel production, due to higher grades from the Q&P pit and the prior period's successful furnace refurbishment
- Illawarra Metallurgical Coal realised a 42% increase in quarterly production, despite the ongoing impact of wet weather and disruptions to labour availability caused by COVID-19
- Manganese production declined by 4% in the quarter with a 1% improvement at Australia Manganese, more than offset by the impact of planned maintenance at both of our South African mines
- We completed a pre-feasibility study for the zinc-lead-silver Taylor Deposit at the Hermosa project during the quarter, underlining its potential to be a globally significant and sustainable producer of base and precious metals in the industry's first cost quartile⁶

"We achieved a number of significant milestones in the quarter, making further progress to reshape our portfolio for a low carbon future.

"We reported copper production for the first time, having completed our acquisition of a 45 per cent interest in the Sierra Gorda copper mine.

"We moved a step closer to doubling our share of green aluminium production, delivering first metal from our Brazil Aluminium smelter following the end of the period.

"We also reported the pre-feasibility results for our Taylor Deposit, underlining its potential to add further growth in the metals critical to a low carbon future.

"We achieved another excellent operating result, delivering to plan, capitalising on historically strong end markets for many of our commodities.

"Our strong financial position allowed us to close the acquisition of Sierra Gorda and return our balance sheet to a net cash position by the end of the March quarter.

"In April we paid our fully franked, interim dividend, returning a record US\$404 million to shareholders off the back of a significantly improved financial performance in the December 2021 half."

Graham Kerr, South32 CEO

Production summary			
South32 share	9M YTD21	9M YTD22	YoY
Alumina production (kt)	3,934	3,927	(0%)
Aluminium production (kt)	736	737	0%
Payable copper production (kt)	-	8.4	N/A
Payable silver production (koz)	9,477	10,363	9%
Payable lead production (kt)	90.6	94.8	5%
Payable zinc production (kt)	48.2	49.1	2%
Payable nickel production (kt)	23.2	30.9	33%
Metallurgical coal production (kt)	4,830	4,332	(10%)
Manganese ore production (kwmt)	4,179	3,963	(5%)

	3Q21	2Q22	3Q22	QoQ
	1,218	1,332	1,317	(1%)
	240	246	243	(1%)
	-	-	8.4	N/A
	3,484	3,217	3,653	14%
	33.0	28.3	34.6	22%
	17.8	17.3	16.4	(5%)
	7.1	10.7	10.6	(1%)
	1,568	1,192	1,565	31%
	1,357	1,252	1,206	(4%)

Unless otherwise noted: percentage variance relates to performance during the nine months ended March 2022 compared with the nine months ended March 2021 (YoY), or the March 2022 quarter compared with the December 2021 quarter (QoQ); production and sales volumes are reported on an attributable basis.

CORPORATE UPDATE

- In response to the situation in Ukraine, we made the values based decision to cease commodity sales to Russian entities, and continue to work through the commercial implications. Our broader commodities sales exposure to Russia has historically been limited and, until the current circumstances change, we will not enter into any new transactions or business relationships with Russian entities.
- The COVID-19 pandemic continues to impact our operations and supply chains across our global portfolio, with FY22 production guidance remaining subject to further potential impacts from COVID-19.
- Working capital remains elevated across the business, due to higher prices and the ongoing impact of logistics congestion on our supply chains, slowing the movement of inventory at a number of operations. In our aluminium value chain, where this is most acute, we have responded by establishing alternative shipping solutions and points of dispatch to move inventory closer to our customers. While we expect the build in working capital to partially unwind once port congestion and freight market tightness alleviates, and we realise the full benefit of initiatives implemented across our business, we continue to observe volatility in supply chains.
- We finished the quarter with a net cash¹ balance of US\$52M following completion of the acquisition of a 45% interest in the Sierra Gorda copper mine on 22 February 2022². The US\$1.4B upfront cash payment for Sierra Gorda was funded by a combination of cash on hand (US\$600M) and a short-term acquisition bridge facility (US\$800M). Further payments to finalise the tax liabilities associated with the acquisition are expected to be made over the next 15 months in accordance with their statutory due dates⁷.
- Following the end of the period, we repaid the short-term acquisition bridge facility with cash on hand and the proceeds of our inaugural US dollar bond issuance. We issued US\$700M in Senior Unsecured Notes (Notes) due 2032 that will pay interest at a rate of 4.35% per annum⁸. Reflecting our strong financial position and commitment to disciplined capital allocation, Standard and Poor's and Moody's assigned BBB+ and Baa1 credit ratings respectively, to the Notes.
- We received net distributions⁹ of US\$36M (South32 share) during the quarter from our Manganese equity accounted investments (EAI) (US\$138M in the nine months ended March 2022). This follows a temporary build in finished goods inventory at Australia Manganese which is expected to unwind in the June 2022 quarter.
- We spent US\$16M during the quarter purchasing a further 5M shares at an average price of A\$4.64 per share via our on-market share buy-back. To 31 March 2022 our capital management program was 86% complete with US\$285M remaining to be returned to shareholders ahead of its extension or expiry on 2 September 2022¹⁰, bringing total returns under our capital management program to US\$1.8B since inception.
- Following the end of the period, we paid a fully franked interim dividend of US\$404M in respect of the December 2021 half year.
- We expect our agreed acquisition of an additional shareholding and related rights in Mozal Aluminium to complete in mid CY22¹¹, subject to the remaining conditions, including approval from the Mozambique Competition Regulatory Authority, being satisfied.
- Following the end of the period, we submitted an Environmental Impact Statement for the Dendrobium Next Domain (DND) life extension project. This follows DND being declared State Significant Infrastructure in the December 2021 quarter. The New South Wales Minister for Planning, Industry and Environment is responsible for the state approval outcome for the project, which is expected to be determined following a public review period.
- Demonstrating our commitment to using innovative technologies to reduce emissions, in line with our goal to halve operational carbon emissions by 2035 as part of our pathway to achieve net zero operational carbon emissions by 2050, we were awarded a A\$15M grant from the New South Wales Government in April 2022 to construct a commercial pilot Ventilation Air Methane abatement facility at Illawarra Metallurgical Coal. The new facility, featuring cutting-edge technology to tackle fugitive methane emissions will be established with the support of CSIRO and our own co-funding of A\$4.5M.
- On 7 March 2022, we announced that the sale of the Metalloys manganese alloy smelter would not proceed following a failure to satisfy certain commercial conditions to the agreement¹². Metalloys remains on care and maintenance as we assess future options for the smelter.
- Following the end of the period, we received clearance from the Brazilian Competition Authority for our acquisition of an additional 18.2% interest in the Mineração Rio do Norte (MRN) bauxite mine. The additional interest in MRN will increase our ownership to 33% and further aligns our bauxite supply requirements within our aluminium value chain in Brazil. Completion of the acquisition is expected in the June 2022 quarter.

DEVELOPMENT AND EXPLORATION UPDATE

- We completed the pre-feasibility study (PFS) for the zinc-lead-silver Taylor Deposit at our Hermosa project in January 2022. The PFS results highlight Taylor's potential to be the first development of a multi-decade operation, establishing Hermosa as a globally significant producer of metals critical to a low carbon future in the industry's first cost quartile. Taylor has now moved into feasibility stage, while we continue to advance the PFS for the Clark Deposit, which has the potential to produce battery-grade manganese as well as zinc and silver.
- We commenced the construction of water infrastructure to support critical path orebody dewatering for the Taylor Deposit during the quarter. Subsequent to the end of the period, our Board approved US\$278M of pre-commitment capital expenditure to advance the orebody dewatering program and early works at Taylor ahead of a final investment decision in mid CY23. This pre-commitment is included in the previously announced ~US\$1.7B upfront capital estimate for Taylor⁶. Our FY22 Growth capital expenditure guidance has been revised down by US\$25M to US\$90M, predominantly reflecting the impact of slower than expected contractor mobilisation.
- We directed US\$13M to our exploration programs at Hermosa in the nine months ended March 2022. As part of our work to assess targets across a highly prospective corridor we commenced further exploration drilling at the Peake prospect¹³ during the period.
- The United States Department of Interior (DOI) filed a motion to suspend the right-of-way permits issued to the Alaska Industrial Development and Export Authority for the Ambler Access Road in February 2022. This suspension would allow for additional work to be undertaken by the DOI on the Final Environmental Impact Statement for the Ambler Access Road, which if developed would unlock the Ambler region. Together with our Ambler Metals Joint Venture partner, we are assessing the impact of the motion on the development timeline for the Arctic Deposit's PFS, and our continuing preparations for the CY22 summer exploration season.
- We invested US\$20M in the nine months ended March 2022 in our early stage greenfield exploration opportunities with multiple programs targeting base metals currently underway in Australia, USA, Canada, Argentina, Peru and Ireland.
- We directed US\$32M towards exploration programs at our existing operations and development options in the nine months ended March 2022 (US\$24M capitalised), including US\$2M for our Manganese EAI (US\$1M capitalised), US\$13M at the Hermosa project (noted above, all capitalised) and US\$8M at Ambler Metals (all capitalised).

PRODUCTION SUMMARY

Production guidance (South32 share)	FY21	9M YTD22	FY22e ^(a)	Guidance comments
Worsley Alumina				
Alumina production (kt)	3,963	2,961	3,965	
Brazil Alumina				
Alumina production (kt)	1,398	966	1,300	
Brazil Aluminium				
Aluminium production (kt)	-	-	5	Nameplate capacity (179ktpa, our 40% share) expected to be reached in the March 2023 quarter ³
Hillside Aluminium¹⁴				
Aluminium production (kt)	717	535	720	
Mozal Aluminium¹⁴				
Aluminium production (kt)	265	202	273	
Sierra Gorda				
Payable copper equivalent production ⁴ (kt)	-	9.7	31	Reflects our 45% ownership since 22 February 2022
Payable copper production (kt)	-	8.4	27	
Payable molybdenum production (kt)	-	0.2	0.4	
Payable gold production (koz)	-	2.3	10	
Payable silver production (koz)	-	85	225	
Cannington				
Payable zinc equivalent production ⁵ (kt)	319.0	234.8	292.2	
Payable silver production (koz)	13,655	10,278	12,283	
Payable lead production (kt)	131.8	94.8	117.9	
Payable zinc production (kt)	67.7	49.1	66.7	
Cerro Matoso				
Payable nickel production (kt)	34.1	30.9	43.8	
Illawarra Metallurgical Coal				
Total coal production (kt)	7,645	4,926	6,800	
Metallurgical coal production (kt)	6,170	4,332	5,900	
Energy coal production (kt)	1,475	594	900	
Australia Manganese				
Manganese ore production (kwmt)	3,529	2,519	3,200	
South Africa Manganese				
Manganese ore production ¹⁵ (kwmt)	2,060	1,444	2,000	

a. The denotation (e) refers to an estimate or forecast year. All guidance is subject to further potential impacts from COVID-19.

CAPITAL EXPENDITURE AND OPERATING UNIT COST GUIDANCE

- Our FY22 total capital expenditure guidance has been revised down by US\$36M to US\$702M (including Manganese and Sierra Gorda EAI). The change primarily reflects our deferral of spend at Worsley Alumina into FY23 (reducing our FY22 Improvement and life extension capital expenditure estimate by US\$11M to US\$91M) and slower than expected contractor mobilisation at our Hermosa project (reducing our FY22 Growth capital expenditure estimate by US\$25M to US\$90M). Our FY22 Safe and reliable capital expenditure guidance remains unchanged at US\$521M (including Manganese and Sierra Gorda EAI) and is subject to potential labour availability and supply chain constraints that may impact our ability to execute scheduled work.
- We have revised our FY22 Operating unit cost guidance at the majority of our operations to reflect the impact of stronger producer currencies, higher prices for raw material inputs and an increase in price-linked royalties as we continue to benefit from strong prices across our portfolio.

Operating unit cost ^(a)			
	FY22 prior guidance ^{16(b)}	FY22 new guidance ¹⁷	FY22 new guidance vs. FY22 prior guidance
Worsley Alumina			
(US\$/t)	257	265	Stronger Australian dollar (AUD:USD 0.73) and higher prices for caustic soda and freight
Brazil Alumina (non-operated)			
(US\$/t)	We continue to expect H2 FY22 to be ~5% higher than H1 FY22 (US\$262/t) due to higher caustic soda and energy prices		
Hillside Aluminium			
(US\$/t)	We continue to expect H2 FY22 to be ~10-15% higher than H1 FY22 (US\$1,935/t) due to the stronger South African rand (USD:ZAR 15.06) and higher raw material input prices		
Mozal Aluminium			
(US\$/t)	We continue to expect H2 FY22 to be ~10-15% higher than H1 FY22 (US\$2,008/t) due to the stronger South African rand (USD:ZAR 15.06) and higher raw material input prices		
Sierra Gorda			
(US\$/lb CuEq) ^(c)	1.63	1.63	No change to guidance
Cannington			
(US\$/t) ^(d)	120	131	Stronger Australian dollar (AUD:USD 0.73), inventory movements and higher price-linked royalties
Cerro Matoso			
(US\$/t) ^(e)	145	142	Stronger Colombian peso (USD:COP 3,843) and higher price-linked royalties
(US\$/lb)	4.17	4.49	
Illawarra Metallurgical Coal			
(US\$/t)	115	126	Stronger Australian dollar (AUD:USD 0.73) and higher price-linked royalties
Australia Manganese (FOB)			
(US\$/dmtu)	1.81	1.88	Stronger Australian dollar (AUD:USD 0.73) and higher fuel prices
South Africa Manganese (FOB)			
(US\$/dmtu)	2.51	2.79	Stronger South African rand (USD:ZAR 15.06), higher price-linked royalties and transport costs

- Operating unit cost is Revenue less Underlying EBITDA, excluding third party sales, divided by sales volumes. Operating cost is Revenue less Underlying EBITDA excluding third party sales.
- FY22 prior guidance as at H1 FY22 was based on commodity price and foreign exchange rate forward curves or our internal expectations for the remainder of FY22, as at January 2022. Refer to footnote 16.
- US dollar per pound of copper equivalent production. FY21 index prices for copper (US\$4.23/lb), molybdenum (US\$15.7/lb), gold (US\$1,796/oz) and silver (US\$25.2/oz) have been used for FY22e Operating unit costs.
- US dollar per tonne of ore processed. Periodic movements in finished product inventory may impact Operating unit costs.
- US dollar per tonne of ore to kiln. Periodic movements in finished product inventory expected to lower FY22e Operating unit cost.

WORSLEY ALUMINA (86% SHARE)

South32 share	9M	9M	YoY	3Q21	2Q22	3Q22	3Q22	3Q22
	YTD21	YTD22					vs	vs
							3Q21	2Q22
Alumina production (kt)	2,885	2,961	3%	875	973	982	12%	1%
Alumina sales (kt)	2,918	2,856	(2%)	840	1,022	910	8%	(11%)

Worsley Alumina saleable production increased by 3% (or 76kt) to 2,961kt in the nine months ended March 2022 as the refinery benefited from historical and ongoing improvement initiatives. Volumes in the March 2022 quarter increased by 1% as two scheduled hydrate shipments, more than offset the impact of planned calciner maintenance.

Sales decreased by 11% in the March 2022 quarter as a vessel's late arrival led to a shipment slipping into April 2022. We realised a circa 10% premium to the Platts Alumina Index¹⁸ on a volume weighted M-1 basis for alumina sales in the nine months ended March 2022, with our realised prices capturing the impact of elevated global freight rates which are also reflected in our Operating unit costs.

FY22 production guidance remains unchanged at 3,965kt with our ongoing focus on improvement initiatives at the refinery expected to creep production above nameplate capacity of 4.6Mt (100% basis).

BRAZIL ALUMINA (36% SHARE)

South32 share	9M	9M	YoY	3Q21	2Q22	3Q22	3Q22	3Q22
	YTD21	YTD22					vs	vs
							3Q21	2Q22
Alumina production (kt)	1,049	966	(8%)	343	359	335	(2%)	(7%)
Alumina sales (kt)	1,058	932	(12%)	384	379	306	(20%)	(19%)

Brazil Alumina saleable production decreased by 8% (or 83kt) to 966kt in the nine months ended March 2022 following an incident in July 2021 that damaged one of the two bauxite ship unloaders at the refinery. Although the refinery returned to nameplate capacity in October 2021, production declined by 7% in the March 2022 quarter with wet weather causing temporary outages to third party power supply.

The 19% decline in sales for the March 2022 quarter reflects the scheduling of additional shipments in the prior period. We realised a circa 5% premium to the Platts Alumina Index¹⁸ on a volume weighted M-1 basis for alumina sales in the nine months ended March 2022, with our realised prices capturing the impact of elevated global freight rates which are also reflected in our Operating unit costs.

FY22 production guidance remains unchanged at 1,300kt.

BRAZIL ALUMINIUM (40% SHARE)

South32 share	9M YTD21	9M YTD22	YoY	3Q21	2Q22	3Q22	3Q22 vs 3Q21	3Q22 vs 2Q22
Aluminium production (kt)	-	-	N/A	-	-	-	N/A	N/A
Aluminium sales (kt)	-	-	N/A	-	-	-	N/A	N/A

During the quarter we announced our participation in the restart of the Alumar aluminium smelter, together with our joint venture partner Alcoa Corporation. We have secured cost efficient renewable power for our share of production from the smelter, while our alumina supply will be sourced from the co-located Brazil Alumina refinery.

First production was achieved following the end of the period. While the smelter has achieved a slower than expected ramp-up, our FY22 production guidance remains unchanged at 5kt. We still expect to achieve nameplate capacity of 179ktpa (our 40% share) in the March 2023 quarter³.

HILLSIDE ALUMINIUM (100%)

South32 share	9M YTD21	9M YTD22	YoY	3Q21	2Q22	3Q22	3Q22 vs 3Q21	3Q22 vs 2Q22
Aluminium production (kt)	537	535	(0%)	176	178	177	1%	(1%)
Aluminium sales (kt)	538	515	(4%)	191	176	179	(6%)	2%

Hillside Aluminium saleable production was largely unchanged at 535kt in the nine months ended March 2022 as the smelter continued to test its maximum technical capacity, despite the impact of increased load-shedding. FY22 production guidance, which does not assume any load-shedding impact, remains unchanged at 720kt.

We commenced execution of the AP3XLE energy efficiency project during the period with the first pots expected to be relined in the June 2022 quarter. The project is expected to bring both volume and efficiency benefits, while reducing the smelter's carbon intensity.

MOZAL ALUMINIUM (47.1% SHARE)

South32 share	9M YTD21	9M YTD22	YoY	3Q21	2Q22	3Q22	3Q22 vs 3Q21	3Q22 vs 2Q22
Aluminium production (kt)	199	202	2%	64	68	66	3%	(3%)
Aluminium sales (kt)	194	188	(3%)	64	67	66	3%	(1%)

Mozal Aluminium saleable production increased by 2% (or 3kt) to 202kt in the nine months ended March 2022 as the volume benefit of our investment in the AP3XLE energy efficiency project more than offset the impact of increased load-shedding.

FY22 production guidance, which does not assume any load-shedding impact, remains unchanged at 273kt.

SIERRA GORDA (45% SHARE)

South32 share	9M YTD21	9M YTD22	YoY	3Q21	2Q22	3Q22	3Q22	3Q22
							vs 3Q21	vs 2Q22
Payable copper equivalent production ⁴ (kt)	-	9.7	N/A	-	-	9.7	N/A	N/A
Payable copper production (kt)	-	8.4	N/A	-	-	8.4	N/A	N/A
Payable copper sales (kt)	-	11.1	N/A	-	-	11.1	N/A	N/A

Following the completion of our acquisition of a 45% interest in the joint venture on 22 February 2022, our share of payable copper equivalent production⁴ was 9.7kt to the end of the March 2022 quarter. Our FY22 copper equivalent production guidance of 31kt² remains unchanged (copper 27kt, molybdenum 0.4kt, gold 10koz and silver 225koz).

Our transition to ownership has progressed to plan and we are working with our joint venture partner and the experienced in-country team to ensure continuation of the operation's strong recent performance. The capital efficient de-bottlenecking project, which is targeted to lift plant throughput by a further 6% to approximately 50Mtpa¹⁹ remains on-track. The project is expected to achieve the targeted incremental throughput on a sustainable basis in the December 2022 quarter.

CANNINGTON (100% SHARE)

South32 share	9M YTD21	9M YTD22	YoY	3Q21	2Q22	3Q22	3Q22	3Q22
							vs 3Q21	vs 2Q22
Payable zinc equivalent production ⁵ (kt)	221.9	234.8	6%	81.4	74.3	82.3	1%	11%
Payable silver production (koz)	9,477	10,278	8%	3,484	3,217	3,568	2%	11%
Payable silver sales (koz)	9,276	9,536	3%	2,950	4,000	2,818	(4%)	(30%)
Payable lead production (kt)	90.6	94.8	5%	33.0	28.3	34.6	5%	22%
Payable lead sales (kt)	89.8	91.2	2%	28.4	38.0	27.9	(2%)	(27%)
Payable zinc production (kt)	48.2	49.1	2%	17.8	17.3	16.4	(8%)	(5%)
Payable zinc sales (kt)	47.7	50.1	5%	15.9	18.5	17.3	9%	(6%)

Cannington payable zinc equivalent production⁵ increased by 6% (or 12.9kt) to 234.8kt in the nine months ended March 2022 as the operation benefitted from a planned increase in average silver grades and drew down run of mine stocks. Ore mined decreased by 12% during the March 2022 quarter with underground performance impacted by COVID-19 workforce restrictions.

Payable silver and lead sales decreased by 30% and 27% respectively during the March 2022 quarter following additional shipments in the prior period as the operation recovered from adverse weather in the September 2021 quarter.

The operation's transition to 100% truck haulage from the June 2022 quarter remains on-track, with FY22 production guidance remaining unchanged (silver 12,283koz, lead 117.9kt and zinc 66.7kt). The change in configuration is a low cost capital option that has the potential to bring forward higher-grade material from FY23 at current operating costs and throughput rates.

CERRO MATOSO (99.9% SHARE)

South32 share	9M YTD21	9M YTD22	YoY	3Q21	2Q22	3Q22	3Q22	3Q22
							vs 3Q21	vs 2Q22
Payable nickel production (kt)	23.2	30.9	33%	7.1	10.7	10.6	49%	(1%)
Payable nickel sales (kt)	23.2	29.9	29%	6.7	9.7	9.8	46%	1%

Cerro Matoso payable nickel production increased by 33% (or 7.7kt) to 30.9kt in the nine months ended March 2022, despite unplanned maintenance in the quarter. Production at the operation continues to benefit from the completion of a major furnace refurbishment in FY21 and a ~9% improvement in average nickel grade (9M YTD22: 1.73%; 9M YTD21: 1.58%) due to the addition of ore from the higher grade Q&P pit.

Our ferronickel product typically attracts a discount to the LME Nickel index price on a M or M+1 basis. Payable nickel sales remained largely unchanged in the March 2022 quarter with the temporary disruption of the traded nickel market in March slowing the drawdown of finished goods. Looking forward, the current discount to the LME nickel price is expected to widen over historical levels due to market dynamics between ferronickel and Nickel Pig-Iron pricing.

FY22 production guidance remains unchanged at 43.8kt.

ILLAWARRA METALLURGICAL COAL (100%)

South32 share	9M YTD21	9M YTD22	YoY	3Q21	2Q22	3Q22	3Q22	3Q22
							vs 3Q21	vs 2Q22
Total coal production (kt)	5,920	4,926	(17%)	1,824	1,257	1,781	(2%)	42%
Total coal sales ²⁰ (kt)	5,850	4,720	(19%)	1,823	1,547	1,465	(20%)	(5%)
Metallurgical coal production (kt)	4,830	4,332	(10%)	1,568	1,192	1,565	(0%)	31%
Metallurgical coal sales (kt)	4,707	4,235	(10%)	1,542	1,387	1,358	(12%)	(2%)
Energy coal production (kt)	1,090	594	(46%)	256	65	216	(16%)	232%
Energy coal sales (kt)	1,143	485	(58%)	281	160	107	(62%)	(33%)

Illawarra Metallurgical Coal saleable production decreased by 17% (or 994kt) to 4,926kt in the nine months ended March 2022 as we completed an extended longwall move at the Dendrobium mine in the December 2021 quarter and COVID-19 workforce restrictions impacted labour availability. Lower production included a 496kt (or 46%) decline in energy coal volumes as we made the decision to stop sales of low-margin coal wash material, with elevated freight rates making them uneconomic.

Despite the impact of adverse weather, saleable production improved by 42% in the March 2022 quarter as the operation returned to normalised rates following the completion of an extended longwall move in the prior quarter and improved labour availability. The operation's next longwall move is planned for the Appin mine in the June 2022 quarter.

Poor weather contributed to a 5% reduction in coal sales during the March 2022 quarter with multiple shipments slipping into April 2022 due to the prioritisation of the health and wellbeing of seafarers slowing loading conditions. Notwithstanding the ongoing risk of further adverse weather, FY22 production guidance is currently unchanged at 6.8Mt.

AUSTRALIA MANGANESE (60% SHARE)

South32 share	9M YTD21	9M YTD22	YoY	3Q21	2Q22	3Q22	3Q22 vs 3Q21	3Q22 vs 2Q22
Manganese ore production (kwmt)	2,663	2,519	(5%)	829	807	815	(2%)	1%
Manganese ore sales (kwmt)	2,730	2,512	(8%)	865	831	775	(10%)	(7%)

Australia Manganese saleable production decreased by 5% (or 144kwmt) to 2,519kwmt in the nine months ended March 2022 as ore handling characteristics resulted in lower yield at the primary concentrator. The PC02 circuit continued to operate above its design capacity, as we took advantage of favourable market conditions and realised the benefit of establishing market depth for our low-cost PC02 fines product. The product contributed 12% of total production (9M YTD21: 10%), further benefiting margins at the operation.

Notwithstanding the improved production performance in the March 2022 quarter, FY22 production guidance is currently unchanged at 3,200kwmt while we continue to monitor the potential for further impacts from the wet season.

SOUTH AFRICA MANGANESE (ORE 54.6%¹⁵ SHARE)

South32 share	9M YTD21	9M YTD22	YoY	3Q21	2Q22	3Q22	3Q22 vs 3Q21	3Q22 vs 2Q22
Manganese ore production ¹⁵ (kwmt)	1,516	1,444	(5%)	528	445	391	(26%)	(12%)
Manganese ore sales ¹⁵ (kwmt)	1,456	1,589	9%	452	579	495	10%	(15%)

South Africa Manganese saleable production decreased by 5% (or 72kwmt) to 1,444kwmt in the nine months ended March 2022, as scheduled maintenance was completed in the quarter at both the Wessels and Mamatwan mines.

Although ore sales reduced by 15% in the March quarter due to the lower production volumes and third party port performance, we maintained the significant drawdown in stocks that we have prioritised in FY22, returning finished goods to their optimal operating window. Notwithstanding fewer sales in the quarter, we achieved a premium of circa 15% to the medium grade 37% manganese lump ore index²¹ on a volume weighted M-1 basis as we continue to optimise our product mix.

FY22 production guidance remains unchanged at 2,000kwmt as we continue to monitor market conditions and optimise our use of higher cost trucking that incurs additional costs, but maximises cash flow at the operation.

NOTES

1. Net cash number is unaudited and should not be considered as an indication of or alternative to an IFRS measure of profitability, financial performance or liquidity.
2. Refer to market release "South32 completes acquisition of 45% interest in Sierra Gorda copper mine" dated 22 February 2022.
3. Refer to market release "Restart of Brazil Aluminium using renewable power" dated 6 January 2022.
4. 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. Average metallurgical recoveries are 83% for copper, 57% for molybdenum and 53% for gold. FY21 index prices for copper (US\$4.23/lb), molybdenum (US\$15.7/lb), gold (US\$1,796/oz) and silver (US\$25.2/oz) have been used for 9M YTD22 and FY22e.
5. Payable zinc equivalent production (kt) was calculated by aggregating revenues from payable silver, lead and zinc, and dividing the total Revenue by the price of zinc. FY21 realised prices for zinc (US\$2,357/t), lead (US\$1,862/t) and silver (US\$25.4/oz) have been used for FY21, 9M YTD22 and FY22e.
6. Refer to market release "Hermosa project update" dated 17 January 2022.
7. June 2022, December 2022 and June 2023.
8. Refer to market release "South32 closes US\$700M of Senior Notes offering" dated 14 April 2022.
9. Net distributions from our Manganese equity accounted investments includes net debt movements and dividends, which are unaudited and should not be considered as an indication of or alternative to an IFRS measure of profitability, financial performance or liquidity.
10. Since inception, US\$1.4B has been allocated to the on-market share buy-back (679M shares at an average price of A\$2.90 per share) and US\$386M returned in the form of special dividends.
11. Refer to market release "Update on acquisition of additional shareholding in Mozal Aluminium" dated 30 March 2022.
12. Refer to market release "Sale of Metalloys manganese alloy smelter will not proceed" dated 7 March 2022.
13. Peake Prospect Exploration Target: The information in this announcement that relates to the Exploration Target for Peake Prospect is extracted from "Hermosa Project Update" published on 17 January 2022 and is available to view on www.south32.net. The information was prepared by a Competent Person in accordance with the requirements of the JORC Code. South32 confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. South32 confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.
14. Production guidance for Hillside Aluminium and Mozal Aluminium does not assume any load-shedding impact on production.
15. South Africa Manganese ore has been reported as a 54.6% interest (previously 60%) to reflect our 60% interest in the Metalloys manganese alloy smelter which is currently on care and maintenance and aligning with our interest in Hotazel Manganese Mines (HMM). South32 has a 44.4% ownership interest in HMM. 26% of HMM is owned by a B-BBEE consortium comprising Ntsimbintle Mining (9%), NCAB Resources (7%), Iziko Mining (5%) and HMM Education Trust (5%). The interests owned by NCAB Resources, Iziko Mining and HMM Education Trust 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, South32's interest in HMM is accounted at 54.6%.
16. FY22 prior Operating unit cost guidance includes royalties (where appropriate) and the influence of exchange rates, and includes various assumptions for FY22, including: an alumina price of US\$378/t; an average blended coal price of US\$244/t for Illawarra Metallurgical Coal; a manganese ore price of US\$5.42/dmtu for 44% manganese product; a nickel price of US\$8.83/lb; a silver price of US\$24.57/troy oz; a lead price of US\$2,329/t (gross of treatment and refining charges); a zinc price of US\$3,179/t (gross of treatment and refining charges); an AUD:USD exchange rate of 0.72; a USD:ZAR exchange rate of 15.47; a USD:COP exchange rate of 3,930; and a reference price for caustic soda; all of which reflected forward markets as at January 2022 or our internal expectations.
17. FY22 new Operating unit cost guidance includes royalties (where appropriate) and the influence of exchange rates, and includes various assumptions for FY22, including: an alumina price of US\$399/t; an average blended coal price of US\$382/t for Illawarra Metallurgical Coal; a manganese ore price of US\$6.07/dmtu for 44% manganese product; a nickel price of US\$10.60/lb; a silver price of US\$24.22/troy oz; a lead price of US\$2,308/t (gross of treatment and refining charges); a zinc price of US\$3,461/t (gross of treatment and refining charges); an AUD:USD exchange rate of 0.73; a USD:ZAR exchange rate of 15.06; a USD:COP exchange rate of 3,843; and a reference price for caustic soda; all of which reflected forward markets as at March 2022 or our internal expectations.
18. The sales volume weighted average of the Platts Alumina Index (FOB Australia) on the basis of a one month lag to published pricing (Month minus one or "M-1") for Worsley Alumina was US\$363/t and Brazil Alumina was US\$370/t in the nine months ended March 2022.
19. The information in this document that refers to Production Target for the medium term (CY22 to CY26) is based on the original announcement "SOUTH32 TO ACQUIRE A 45% INTEREST IN THE SIERRA GORDA COPPER MINE" released on 14 October 2021 and is available to view at www.south32.net. The production target is based on based 100% on proven and probable mineral reserve of the foreign estimate. All Material assumptions for the production target and forecast financial information for the medium term (CY22 to CY26) are included in the original announcement. The mineral reserve estimates are "qualifying foreign estimates" under the ASX Listing Rules and stated by KGHM as being classified in accordance with National Instrument 43-101 and CIM Standard for Disclosure (43-101). Competent persons have not done sufficient work to classify the foreign estimates as Mineral Resources and Ore Reserves in accordance with the JORC Code. It is uncertain that following evaluation and further exploration that the foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code. Reference should be made to the clarifying statement on mineral resources and mineral reserves in the original market announcement, in accordance with ASX Listing Rule 5.12. South32 is not in possession of any new information or data relating to the foreign estimate that materially impacts on the reliability of the estimates. South32 confirms that the information contained in the clarifying statement in the Market Announcement continues to apply and has not materially changed.
20. Illawarra Metallurgical Coal sales are adjusted for moisture and will not reconcile directly to Illawarra Metallurgical Coal production.
21. The sales volume weighted average of the Metal Bulletin 37% manganese lump ore index (FOB Port Elizabeth, South Africa) on the basis of M-1 was US\$3.18/dmtu in the nine months ended March 2022.

The following abbreviations have been used throughout this report: US\$ million (US\$M); US\$ billion (US\$B); 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); million wet metric tonnes per annum (Mwmt pa); dry metric tonne unit (dmtu); thousand dry metric tonnes (kdmt).

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.

OPERATING PERFORMANCE

South32 share	9M YTD21	9M YTD22	3Q21	4Q21	1Q22	2Q22	3Q22
Worsley Alumina (86% share)							
Alumina hydrate production (kt)	2,989	2,966	977	992	997	997	972
Alumina production (kt)	2,885	2,961	875	1,078	1,006	973	982
Alumina sales (kt)	2,918	2,856	840	1,086	924	1,022	910
Brazil Alumina (36% share)							
Alumina production (kt)	1,049	966	343	349	272	359	335
Alumina sales (kt)	1,058	932	384	333	247	379	306
Brazil Aluminium (40% share)							
Aluminium production (kt)	-	-	-	-	-	-	-
Aluminium sales (kt)	-	-	-	-	-	-	-
Hillside Aluminium (100%)							
Aluminium production (kt)	537	535	176	180	180	178	177
Aluminium sales (kt)	538	515	191	169	160	176	179
Mozal Aluminium (47.1% share)							
Aluminium production (kt)	199	202	64	66	68	68	66
Aluminium sales (kt)	194	188	64	68	55	67	66
Sierra Gorda (45% share)							
Ore processed (Mt)	-	2.3	-	-	-	-	2.3
Copper ore grade processed (% Cu)	-	0.45	-	-	-	-	0.45
Payable copper equivalent production ⁴ (kt)	-	9.7	-	-	-	-	9.7
Payable copper production (kt)	-	8.4	-	-	-	-	8.4
Payable copper sales (kt)	-	11.1	-	-	-	-	11.1
Payable molybdenum production (kt)	-	0.2	-	-	-	-	0.2
Payable molybdenum sales (kt)	-	0.1	-	-	-	-	0.1
Payable gold production (koz)	-	2.3	-	-	-	-	2.3
Payable gold sales (koz)	-	3.0	-	-	-	-	3.0
Payable silver production (koz)	-	85	-	-	-	-	85
Payable silver sales (koz)	-	111	-	-	-	-	111

South32 share	9M YTD21	9M YTD22	3Q21	4Q21	1Q22	2Q22	3Q22
Cannington (100%)							
Ore mined (kwmt)	2,123	2,112	714	696	750	725	637
Ore processed (kdmmt)	2,026	2,066	724	720	687	698	681
Silver ore grade processed (g/t, Ag)	175	180	177	213	185	169	188
Lead ore grade processed (% , Pb)	5.4	5.4	5.8	6.6	5.5	4.9	5.9
Zinc ore grade processed (% , Zn)	3.4	3.4	3.5	3.9	3.2	3.6	3.4
Payable zinc equivalent production ⁵ (kt)	221.9	234.8	81.4	97.1	78.2	74.3	82.3
Payable silver production (koz)	9,477	10,278	3,484	4,178	3,493	3,217	3,568
Payable silver sales (koz)	9,276	9,536	2,950	4,460	2,718	4,000	2,818
Payable lead production (kt)	90.6	94.8	33.0	41.2	31.9	28.3	34.6
Payable lead sales (kt)	89.8	91.2	28.4	41.9	25.3	38.0	27.9
Payable zinc production (kt)	48.2	49.1	17.8	19.5	15.4	17.3	16.4
Payable zinc sales (kt)	47.7	50.1	15.9	21.3	14.3	18.5	17.3
Cerro Matoso (99.9% share)							
Ore mined (kwmt)	2,064	3,726	594	1,174	1,058	1,358	1,310
Ore processed (kdmmt)	1,683	2,025	528	702	620	715	690
Ore grade processed (% , Ni)	1.58	1.73	1.60	1.76	1.76	1.71	1.73
Payable nickel production (kt)	23.2	30.9	7.1	10.9	9.6	10.7	10.6
Payable nickel sales (kt)	23.2	29.9	6.7	10.3	10.4	9.7	9.8
Illawarra Metallurgical Coal (100%)							
Total coal production (kt)	5,920	4,926	1,824	1,725	1,888	1,257	1,781
Total coal sales ²⁰ (kt)	5,850	4,720	1,823	1,766	1,708	1,547	1,465
Metallurgical coal production (kt)	4,830	4,332	1,568	1,340	1,575	1,192	1,565
Metallurgical coal sales (kt)	4,707	4,235	1,542	1,367	1,490	1,387	1,358
Energy coal production (kt)	1,090	594	256	385	313	65	216
Energy coal sales (kt)	1,143	485	281	399	218	160	107
Australia Manganese (60% share)							
Manganese ore production (kwmt)	2,663	2,519	829	866	897	807	815
Manganese ore sales (kwmt)	2,730	2,512	865	891	906	831	775
Ore grade sold (% , Mn)	44.4	44.2	44.4	44.5	44.2	44.2	44.1
South Africa Manganese (54.6% share)							
Manganese ore production ¹⁵ (kwmt)	1,516	1,444	528	544	608	445	391
Manganese ore sales ¹⁵ (kwmt)	1,456	1,589	452	579	515	579	495
Ore grade sold (% , Mn)	40.1	39.8	40.6	39.5	40.3	38.7	40.5

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 facilities; 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, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption arising in connection with COVID-19.

FURTHER INFORMATION

INVESTOR RELATIONS

Tom Gallop
M +61 439 353 948
E Tom.Gallop@south32.net

MEDIA RELATIONS

Jamie Macdonald
M +61 408 925 140
E Jamie.Macdonald@south32.net

Miles Godfrey
M +61 415 325 906
E Miles.Godfrey@south32.net

Approved for release to the market by Graham Kerr, Chief Executive Officer
JSE Sponsor: The Standard Bank of South Africa Limited
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