South32 Limited
(Incorporated in Australia under the Corporations Act 2001)
(ACN 093 732 597)
ASX / LSE / JSE Share Code: S32 ADR: SOUHY
ISIN: AU000000S320
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SOUTH32 LIMITED
FINANCIAL RESULTS AND OUTLOOK
YEAR ENDED 30 JUNE 2024

South32 delivers strong second half results and accelerates portfolio transformation

- **FY24 Underlying EBITDA of US$1.8B and Underlying earnings of US$380M**
- **Sale of Illawarra Metallurgical Coal to simplify our portfolio and further strengthen our balance sheet**
- **Increased our capital management program by US$200M, to be returned via an on-market share buy-back**

“Improved operating performance, disciplined cost management and higher prices for our key commodities lifted our financial results to finish the year. As a result, we recorded FY24 Underlying EBITDA of US$1.8 billion and Underlying earnings of US$380 million.

“Reflecting our strengthened financial position and disciplined approach to capital allocation, the Board has resolved to pay a US$140 million fully-franked ordinary dividend in respect of H2 FY24. The Board has also expanded our capital management program by US$200 million, to be returned via an on-market share buy-back, following the sale of Illawarra Metallurgical Coal.

“During the year, we further transformed our portfolio, with the approval to develop our Taylor zinc-lead-silver deposit at our Hermosa project in Arizona and the sale of Illawarra Metallurgical Coal which is expected to complete later today.

“The sale of Illawarra Metallurgical Coal simplifies our portfolio, strengthens our balance sheet and unlocks capital to invest in our development projects and growth options in base metals.

"In the near term, these investments include the development of the Taylor deposit and projects to grow our copper production at Sierra Gorda.

“In addition, we are seeking to increase our base metals exposure over the longer-term by investing in a pipeline of growth options which are being advanced through study phases and a portfolio of exploration prospects in highly prospective regions.

“Looking ahead, the outlook for our business is positive as we focus on safe and reliable operations, managing our costs, and capitalising on our transformed portfolio which, more than ever, is focused on commodities critical to a low-carbon future.”

Graham Kerr, South32 CEO

Financial Highlights

US$M	FY24	FY23	% Change
Revenue from continuing operations	**5,479**	5,646	(3%)
Profit/(loss) before tax and net finance income/(costs) from continuing operations	**(735)**	(466)	(58%)
Profit/(loss) after tax	**(205)**	(173)	(18%)
Profit/(loss) after tax attributable to members[(1)]	**(203)**	(173)	(17%)
Basic earnings/(loss) per share (US cents)[(5)]	**(4.5)**	(3.8)	(18%)
Ordinary dividends per share (US cents)[(6)]	**3.5**	8.1	(57%)
Other financial measures			
Underlying revenue[(7)(8)]	**8,296**	9,050	(8%)
Underlying EBITDA[(7)(9)]	**1,802**	2,534	(29%)
Underlying EBITDA margin[(7)(10)]	**22.8%**	29.4%	(6.6%)
Underlying EBIT[(7)(9)]	**886**	1,616	(45%)
Underlying EBIT margin[(7)(11)]	**11.1%**	18.7%	(7.6%)

Underlying earnings[2][7][9]	**380**	916	(59%)
Basic Underlying earnings per share (US cents)[5][7]	**8.4**	20.0	(58%)
ROIC[7][12]	**4.5%**	10.0%	(5.5%)
Ordinary shares on issue (million)	**4,529**	4,545	(0.4%)

Safety performance

Nothing is more important than the health, safety and well-being of our people. We continue to implement our Safety Improvement Program, a multi-year global program of work launched in FY22, designed to enhance our safety culture and achieve a step change in our safety performance. Our 'Lead Safely Every Day' program includes safety leadership capability workshops and coaching which has been delivered to over 1,500 leaders since its launch in FY23. In FY24, we extended the program to frontline employees and a subset of contractors that perform high-risk work at our operations, and functional roles that support them.

We use a range of leading and lagging indicators to assess our safety performance. Our total recordable injury frequency (TRIF)[13] for FY24 improved by 14% to 5.1 (FY23: 5.9), while lost time injury frequency (LTIF)[14] increased to 1.9 in FY24 (FY23: *1.6*[15]). Our leading indicator, significant hazard frequency[16], increased to 122.3 for FY24 (FY23: 91.6), indicating improved hazard awareness and a positive reporting culture.

Health and safety performance

Performance metric	FY24	FY23
Fatalities from health and safety incidents	**0**	2
Total lost time injury frequency (LTIF)	**1.9**	*1.6*[15]
Total recordable injury frequency (TRIF)	**5.1**	5.9
Total significant hazard frequency	**122.3**	91.6

People and culture

An inclusive culture and diverse workforce supports greater collaboration, innovation and performance. Building and maintaining a workforce that represents the communities in which we operate, especially recruiting more women into operational roles, is an industry-wide challenge that we are working to address.

We track our inclusion and diversity performance against a series of measurable objectives. The below table shows the representation of women in our workforce, leadership teams and Board, and the representation of Black People[17] in our South African workforce. Performance improved or was maintained year-on-year for five of the seven FY24 measurable objectives, and we achieved three of the seven FY24 measurable objectives.

Inclusion and diversity performance

Diversity representation (%)	FY24 measurable objective	FY24	FY23
Women in our workforce	Achieve at least 23.5%	**20.6**	20.2
Women on our Board	Maintain at least 40%	**50.0**	44.4
Women in Lead Team	Maintain at least 40%	**50.0**	50.0
Women in Senior Leadership Team[18]	Achieve at least 32.7%	**30.3**	30.3
Women in Operational Leadership Team[19]	Achieve at least 31.5%	**25.7**	28.7
Black People in South Africa in total workforce	Maintain at least 85%	**88.4**	86.9
Black People in South Africa in management roles[20]	Achieve at least 60%	**51.8**	55.3

Addressing climate change

We have set a target to halve our operational greenhouse gas (GHG) emissions (Scope 1 and 2) by 2035[21] and a long-term goal[22] to achieve net zero GHG emissions across all scopes (Scope 1, 2 and 3) by 2050. Our approach to climate change is focused on reshaping our portfolio to commodities critical in the transition to a low-carbon world, decarbonising our operations, and working with others to decarbonise the value chain. In FY24, Worsley Alumina converted the first two coal-fired boilers to natural gas, and Hillside Aluminium converted a further 18% of pots to AP3XLE energy efficiency technology, bringing the total to 36%. Our operational emissions decreased by 6% and Scope 3 emissions decreased by 17% in FY24.

Greenhouse gas emissions

Million tonnes of CO_2 equivalent	FY24	FY23
Operational GHG emissions	**20.3**	*21.7*
Scope 3 GHG emissions	**54.2**	*65.0*[23]

Business performance

Aluminium value chain

Alumina

Alumina production was largely unchanged year-on-year at 5.1Mt, with improved plant availability at Brazil Alumina partially offsetting a temporary bauxite conveyor outage at Worsley Alumina in Q4 FY24. Production is expected to increase by approximately 1% in FY25.

Underlying EBITDA increased by US$106M to US$364M in FY24, for an operating margin of 20%, as our average realised price of alumina increased by 1% and caustic soda prices declined.

Aluminium

Aluminium production was largely unchanged year-on-year at 1.1Mt, as Hillside Aluminium achieved record production, Brazil Aluminium continued to ramp up, and Mozal Aluminium progressed its recovery plan. Production is expected to increase by approximately 6% to 1.2Mt in FY25 as Brazil Aluminium continues to ramp up and Mozal Aluminium delivers its recovery plan.

Underlying EBITDA decreased by US$115M to US$121M in FY24, for an operating margin of 4%, as a 6% reduction in the average realised price of aluminium and higher energy prices more than offset lower smelter raw material input prices.

Base metals

Copper

Sierra Gorda payable copper equivalent production[24] decreased by 15% to 73.8kt in FY24, as higher plant throughput was offset by lower than planned copper grades. Production is expected to increase by approximately 15% in FY25, with the continued benefit of the plant de-bottlenecking project and higher planned copper grades in the next phase of the mine plan.

Underlying EBITDA decreased by US$83M to US$275M in FY24, for an operating margin of 43%, as higher realised metal prices and lower electricity costs were more than offset by lower volumes and a one-off workforce payment.

Sierra Gorda progressed the feasibility study for the fourth grinding line expansion, which has the potential to increase plant throughput by ~20% to ~58Mtpa (100% basis), ahead of a planned final investment decision in H1 FY25.

We consolidated our position in the emerging copper district of San Juan, Argentina, acquiring a 50.1% interest in the Chita Valley copper project, and increasing our interest in Aldebaran Resources to 14.8%.

We invested US$27M in greenfield exploration programs in FY24, focused on copper exploration prospects in highly prospective regions.

Following the end of the period, we entered into an earn-in agreement and strategic alliance with Noronex Limited to identify and test copper exploration prospects across the Kalahari copper belt in Namibia.

Zinc

Cannington payable zinc equivalent production[25] increased by 10% to 285.2kt in FY24, despite adverse weather impacts, as we realised higher average metal grades. Production is expected to decline by approximately 12% in FY25 as we rebuild run of mine stocks and continue to manage a significant increase in underground activity and complexity.

Underlying EBITDA increased by US$76M to US$289M, for an operating margin of 46%, reflecting higher production volumes and average realised metal prices.

On 15 February 2024, we announced final investment approval for the Taylor zinc-lead-silver deposit at our Hermosa project[26], following completion of a feasibility study which confirmed the potential for attractive returns over multiple decades.

As the first phase of a regional scale opportunity in Arizona, United States, Taylor's infrastructure will unlock value for future growth options, including the Clark battery-grade manganese deposit and potential discoveries in our highly prospective regional land package.

We invested US$372M at Hermosa in FY24, as we installed critical path infrastructure and progressed studies and permitting for Taylor and Clark. We expect to invest US$600M at Hermosa in FY25 as we progress construction of Taylor, and an exploration decline at Clark to enable access to ore for further product test work.

We invested US$24M in exploration work at Hermosa in FY24, successfully returning high-grade copper and zinc results from Peake and Flux[27], respectively. We expect to invest US$35M in FY25 as we complete further exploration at Peake to test the potential for a continuous structural and lithology controlled system connecting Taylor and Peake.

Nickel

Cerro Matoso payable nickel production was largely unchanged at 40.6kt in FY24, supported by improved plant throughput and nickel grades to finish the year. Production is expected to be 35.0kt in FY25, due to lower planned nickel grades.

Underlying EBITDA decreased by US$150M to US$96M in FY24, for an operating margin of 17%, as a significant decline in the average realised nickel price and a stronger Colombian peso more than offset lower price-linked royalties.

We continue to progress our strategic review of Cerro Matoso in response to structural changes in the nickel market. We expect to provide information on the outcomes of this review in H2 FY25.

Manganese

Australia Manganese

Australia Manganese production decreased by 34% to 2.3Mwmt in FY24, as we temporarily suspended operations in March 2024 due to the impacts of Tropical Cyclone Megan.

Underlying EBITDA decreased by US$187M to US$182M in FY24, reflecting the impact of Tropical Cyclone Megan.

We continue to implement the operational recovery plan, dewatering targeted mining pits and commencing a phased mining restart. Mining activity is expected to increase to support a planned build in stockpiles ahead of the wet season, with FY25 production guidance set at 1.0Mwmt. Production is expected to increase to 3.2Mwmt in FY26 as we complete the operational recovery plan.

Capital expenditure for mine repairs and infrastructure, including the wharf and a critical bridge, is expected to be approximately US$125M in FY25.

Wharf operations are scheduled to recommence in Q3 FY25, subject to maintaining construction productivity during the wet season, with sales volumes expected to progressively increase over Q4 FY25.

Our insurers have confirmed that the damage caused by Tropical Cyclone Megan is covered under our property damage and business interruption insurance. We are continuing to work with our insurers to assess the timing and value of recoveries under these policies.

South Africa Manganese

South Africa Manganese production increased by 3% to a record 2.2Mwmt in FY24, as we lifted output of secondary products to capitalise on stronger manganese prices in Q4 FY24.

Underlying EBITDA decreased by 2% to US$65M in FY24, for an operating margin of 19%, as higher sales volumes were offset by lower average realised manganese prices.

South Africa Manganese production is expected to be 2.0Mwmt across FY25 and FY26, as we continue to use higher cost trucking to optimise sales volumes and margins.

Metallurgical coal

Illawarra Metallurgical Coal saleable production decreased by 24% to 4.9Mt in FY24, consistent with guidance, as we completed planned longwall moves.

Underlying EBITDA decreased by US$333M to US$522M in FY24, for an operating margin of 40%, due to lower planned volumes and metallurgical coal prices.

On 29 February 2024, we entered into a binding agreement to sell Illawarra Metallurgical Coal to an entity owned by Golden Energy and Resources Pte Ltd and M Resources Pty Ltd, for cash consideration of up to US$1.65B[3] (the Transaction). The Transaction is now unconditional and is expected to complete on 29 August 2024.

Following the end of the period, we completed the sale of our 50% interest in the Eagle Downs metallurgical coal project to a subsidiary of Stanmore Resources Limited for US$15M in cash, a contingent payment of US$20M[28] and a price-linked royalty of up to US$100M[29].

Financial performance

Profit and Loss

The Group reported a loss after tax attributable to members[1] of US$203M in FY24, with impairment expenses for Worsley Alumina (US$388M post-tax)[30] and Cerro Matoso (US$248M post-tax), partially offset by an impairment reversal for Illawarra Metallurgical Coal (US$139M post-tax). Underlying earnings[2] decreased by US$536M to US$380M in FY24. A reconciliation of profit/(loss) to Underlying earnings is set out on page 5.

Underlying revenue decreased by US$754M (or 8%) to US$8,296M in FY24 due to lower average commodity prices (-US$337M) and lower production volumes predominantly at Illawarra Metallurgical Coal due to planned longwall moves (-US$373M) and at Australia Manganese due to Tropical Cyclone Megan (-US$159M). A reconciliation of Underlying revenue to statutory revenue is included in Note 4 Segment information to the financial statements in South32's Annual Report for the year ended 30 June 2024.

Underlying EBITDA decreased by US$732M (or 29%) to US$1,802M in FY24, for a Group operating margin[10] of 22.8%, as the aforementioned revenue impacts more than offset a US$124M reduction in the Group's cost base[31] as we continued our focus on disciplined cost management and benefitted from lower raw material input prices.

Underlying EBIT decreased by US$730M (or 45%) to US$886M in FY24, as Underlying depreciation and amortisation was largely unchanged at US$916M.

Cash Flow

Group free cash flow from operations, excluding equity accounted investments (EAIs), was an outflow of US$80M in FY24, reflecting lower commodity prices and metallurgical coal volumes, and our investment in productivity, improvement and growth projects.

Separately, we received net distributions[32] of US$53M from our manganese and Sierra Gorda EAIs in FY24 (FY23: US$187M). The decrease in net EAI distributions in FY24 reflected the impact of Tropical Cyclone Megan at Australia Manganese and our continued investment in projects to grow future copper production at Sierra Gorda.

Group capital expenditure, excluding EAIs, increased by US$252M to US$1,042M in FY24 as we invested in critical path infrastructure and studies at our Hermosa project and additional ventilation capacity at Illawarra Metallurgical Coal.

Group capital expenditure, excluding EAIs, is expected to decrease by US$52M to US$990M in FY25. Safe and reliable capital expenditure is expected to decrease by US$293M with the divestment of Illawarra Metallurgical Coal, while growth capital expenditure is expected to increase by US$228M as we progress construction of Taylor at our Hermosa project.

Capital expenditure for our EAIs increased by US$36M to US$315M in FY24 and is expected to increase by US$70M to US$385M in FY25 as we repair and install critical infrastructure at Australia Manganese.

We returned US$198M to shareholders during FY24, with US$163M in fully-franked ordinary dividends and US$35M via the on-market share buy-back.

Balance Sheet

The Group finished the period with net debt of US$762M. Net debt reduced by US$329M in H2 FY24, supported by improved operating performance, higher commodity prices and an unwind of working capital to finish the year.

The sale of Illawarra Metallurgical Coal will further enhance the Group's balance sheet strength and flexibility and unlock capital to invest in our high-quality development projects and growth options in base metals.

Dividends and Capital Management

Consistent with our policy to distribute a minimum 40% of Underlying earnings as ordinary dividends, the Board has resolved to pay a fully-franked final ordinary dividend of US 3.1 cents per share (US$140M) in respect of H2 FY24, representing 41% of Underlying earnings.

Reflecting the Group’s strengthened financial position and our disciplined approach to capital management, the Board has also resolved to allocate US$200M to our ongoing capital management program, to be returned to shareholders via an on-market share buy-back, commencing from completion of the sale of Illawarra Metallurgical Coal. This will take returns under our capital management program to US$2.5B, with the US$200M increase in the program to be returned to shareholders by 12 September 2025.

Earnings reconciliation

The Group reported a loss after tax attributable to members of US$203M in FY24, with impairment expenses for Worsley Alumina (US$388M post-tax) and Cerro Matoso (US$248M post-tax), partially offset by an impairment reversal at Illawarra Metallurgical Coal (US$139M post-tax). Underlying earnings decreased by US$536M to US$380M.

Consistent with our accounting policies, various items are excluded from the Group’s profit/(loss) to derive Underlying earnings. Total adjustments to derive Underlying EBIT (US$983M), shown in the table below, include:

- Net impairment loss/(reversal) of non-financial assets (+US$604M):

  Impairment expenses

  - Worsley Alumina: (+US$554M) reflecting increased uncertainty created by the Western Australian Environmental Protection Authority's recommended conditions for the Worsley Mine Development Project approval and associated challenging operating conditions[30];
  - Cerro Matoso: (+US$264M) reflecting structural changes in the nickel market which are expected to continue to place pressure on nickel prices and discounts for our ferronickel product;

  Impairment reversals

  Illawarra Metallurgical Coal: (-US$197M) following the announced sale to an entity owned by Golden Energy and Resources Pte Ltd and M Resources Pty Ltd[3]; and

  Eagle Downs metallurgical coal project: (-US$17M) following the announced sale to a subsidiary of Stanmore Resources Limited[33].
- Sierra Gorda (+US$155M) and manganese joint venture adjustments (+US$129M): to reconcile the equity accounting position to a proportional consolidation basis. This included adjustment for idle capacity and other remediation related costs (+US$93M) at Australia Manganese as a result of Tropical Cyclone Megan;
- Significant items (+US$50M): the Group operates a captive insurance program, in which a wholly-owned subsidiary of the Group insures a number of operations, including Australia Manganese. As a result of Tropical Cyclone Megan, we have recognised a self-insurance expense of US$50M with a partially offsetting amount of US$30M (South32 share) recognised within Australia Manganese and included in the manganese joint venture adjustments noted above; and
- Net impairment loss of financial assets (+US$29M): periodic revaluation of the shareholder loan receivable from Sierra Gorda reflecting copper prices and other macroeconomic assumptions. An offsetting amount is recorded in the Sierra Gorda joint venture adjustments

noted above.

Profit/(loss) to Underlying EBITDA reconciliation(7)

US$M	FY24	FY23
Profit/(loss) before tax and net finance income/(costs) from continuing operations	**(735)**	(466)
Profit/(loss) before tax and net finance income/(costs) from a discontinued operation	**638**	664
Adjustments to derive Underlying EBIT:		
Significant items	**50**	(186)
Joint venture adjustments	**284**	291
Exchange rate (gains)/losses on the restatement of monetary items	**24**	(62)
Net impairment loss/(reversal) of financial assets	**29**	71
Net impairment loss/(reversal) of non-financial assets	**604**	1,300
(Gains)/losses on non-trading derivative instruments, contingent consideration and other investments measured at fair value through profit and loss	**(8)**	4
Total adjustments to derive Underlying EBIT	**983**	1,418
Underlying EBIT	**886**	1,616
Underlying depreciation and amortisation	**916**	918
Underlying EBITDA	**1,802**	2,534

Profit/(loss) to Underlying earnings reconciliation(7)

US$M	FY24	FY23
Profit/(loss) after tax attributable to members	**(203)**	(173)
Total adjustments to derive Underlying EBIT	**983**	1,418
Total adjustments to derive Underlying net finance costs	**(228)**	(203)
Total adjustments to derive Underlying income and royalty related tax expense	**(172)**	(126)
Underlying earnings	**380**	916

External factors and trends affecting the Group's result

Commodity prices and changes in product demand and supply

The Group produces metals, concentrates and ores, for which prices are driven by global demand and supply for each of these commodities. Average commodity prices were broadly lower across FY24, despite improved demand and constrained supply supporting prices for our key commodities to finish the year. The prices that the Group obtains for its products are a key driver of business performance, and fluctuations in these markets affect our results, including cash flows and shareholder returns.

Details of the impact on Underlying EBIT from changes in commodity prices are set out in the Earnings Analysis on page 6.

Exchange rates

The Group is exposed to exchange rate risk on foreign currency sales, purchases and expenses, as no active currency hedging is undertaken. As the majority of sales are denominated in US dollars, and the US dollar plays a dominant role in the Group's business, funds borrowed and held in US dollars provide a natural hedge to currency fluctuations. Operating costs and costs of locally-sourced equipment are influenced by fluctuations in local currencies, primarily the Australian dollar, South African rand, Brazilian real, Colombian peso, and Chilean peso.

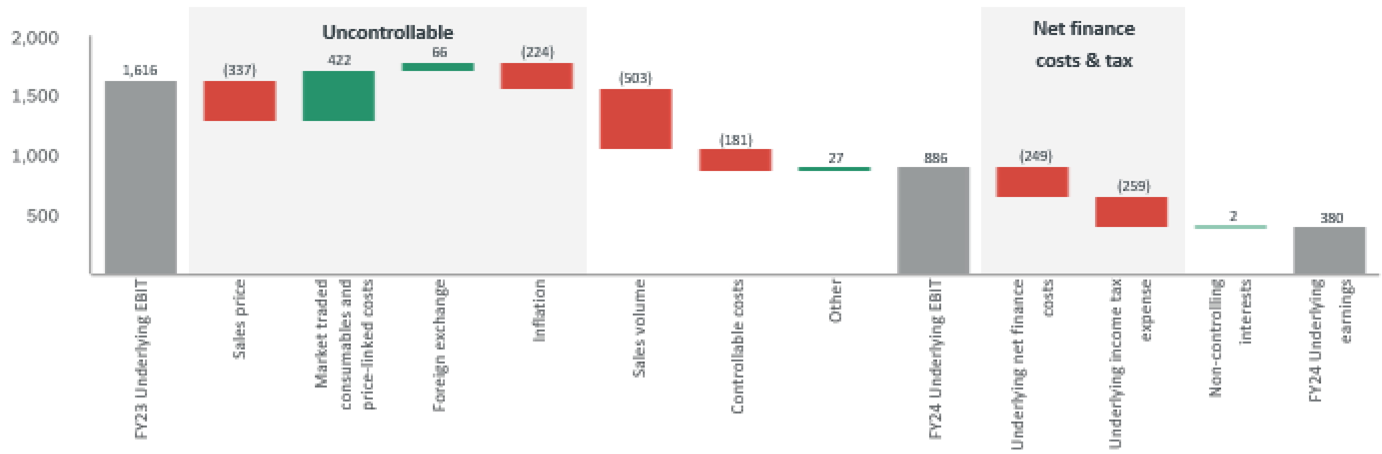
The Group is also exposed to exchange rate translation risk in relation to net monetary liabilities, being foreign currency denominated monetary assets and liabilities, including debt, tax and other long-term liabilities.

Details of the impact of foreign currency fluctuations on Underlying EBIT are set out in the Earnings Analysis on page 6.

Earnings analysis

The following key factors influenced Underlying EBIT in FY24, relative to FY23.

Reconciliation of movements in Underlying EBIT (US$M)(9)(34)(35)(36)



Earnings Analysis	US$M	Commentary
FY23 Underlying EBIT	**1,616**	
Change in sales price	(337)	Lower average realised prices for our commodities, including: Aluminium (-US$169M) Nickel (-US$143M) Manganese (-US$103M) Metallurgical coal (-US$26M) and energy coal (-US$21M) Partially offset by higher average realised prices for copper (+US$48M), silver (+US$42M), and alumina (+US$21M)
Net impact of price-linked costs	422	Lower aluminium smelter raw material input prices (+US$147M), including pitch and coke Lower caustic soda prices at Worsley Alumina (+US$83M) and Brazil Alumina (+US$32M) Lower price-linked royalties (+US$72M) Lower coal and diesel prices (+US$31M) Lower freight and distribution costs (+US$28M) Lower electricity prices at Illawarra Metallurgical Coal (+US$20M)
Change in exchange rates	66	Weaker Australian dollar (+US$58M), and South African rand (+US$54M) Partially offset by a stronger Colombian peso (-US$39M) and Brazilian real (-US$12M)
Change in inflation	(224)	Inflation-linked indexation of our Southern African aluminium smelter electricity prices (-US$46M) General inflation across Australia (-US$87M), South America (-US$54M) and Southern Africa (-US$36M)
Change in sales volume	(503)	Lower volumes at Illawarra Metallurgical Coal (-US$373M), Australia Manganese (-US$159M) and Sierra Gorda (-US$85M) Partially offset by higher volumes at Brazil Aluminium (+US$84M), Cannington (+US$33M), Brazil Alumina (+US$24M) and South Africa Manganese (+US$8M)
Controllable costs	(181)	Inventory and volume related movements (-US$184M) primarily due to a drawdown in inventories to support higher sales volumes in our aluminium value chain A planned workforce payment at Sierra Gorda (-US$20M), following the finalisation of a new, three-year industrial agreement Higher contractor and maintenance costs (-US$14M) including at Sierra Gorda, Hillside Aluminium and Mozal Aluminium Partially offset by lower energy costs at Sierra Gorda (+US$18M), following the transition to cost efficient, 100% renewable energy supply Lower consumable and maintenance costs at Cerro Matoso (+US$15M) as we optimised our maintenance activity

Other	27	Remediation costs and idle capacity losses at Australia Manganese (+US$93M), reclassified as a significant item in accordance with our accounting policies Higher third party product EBIT (+US$12M) Partially offset by our share of the loss from Mineração Rio do Norte (MRN) due to lower bauxite prices (-US$36M) and asset write-offs (-US$34M) including at Australia Manganese due to Tropical Cyclone Megan
FY24 Underlying EBIT	**886**	

Net finance income/(costs)

The Group's FY24 Underlying net finance costs of US$249M primarily comprise the unwinding of the discount applied to our closure and rehabilitation provisions (US$165M), interest on lease liabilities (US$59M) 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[7]

US$M	FY24	FY23
Unwind of discount applied to closure and rehabilitation provisions	**(165)**	(113)
Interest on lease liabilities	**(59)**	(56)
Interest on senior unsecured notes	**(31)**	(31)
Change in discount rate on closure and rehabilitation provisions	**8**	—
Other	**(2)**	12
Underlying net finance costs	**(249)**	(188)
Add back earnings adjustment for exchange rate variations on net debt	**8**	8
Joint venture adjustments[37]	**220**	195
Total adjustments to derive Underlying net finance costs	**228**	203
Remove net finance costs from a discontinued operation	**10**	7
Net finance income/(costs)	**(11)**	22

Tax expense

The Group's Underlying income tax and royalty related taxation expense, which includes our material EAIs, decreased by US$253M to US$259M in FY24, for an Underlying effective tax rate (ETR)[38] of 38.8% (FY23: 36.1%). Our Group Underlying ETR reflects the corporate tax rates[39] and royalty related taxes[40] of the jurisdictions in which we operate and our geographical earnings mix.

The Underlying ETR for our manganese business was 71.3% in FY24, including the royalty related tax[40] at Australia Manganese, reflecting the derecognition of certain deferred tax assets and reduced profitability as operations at Australia Manganese were temporarily suspended following Tropical Cyclone Megan. The Underlying ETR for our Sierra Gorda EAI was 0% in FY24, as royalty related tax[40] was offset by the recognition of deferred tax assets on carry-forward tax losses.

Underlying income tax and royalty related taxation expense reconciliation[7]

US$M	FY24	FY23
Underlying EBIT	**886**	1,616
Include: Underlying net finance costs	**(249)**	(188)
Remove: Share of (profit)/loss of EAIs	**31**	(11)
Underlying profit/(loss) before tax	**668**	1,417
Income tax expense/(benefit) from continuing operations	**(106)**	174
Income tax expense/(benefit) from a discontinued operation	**193**	212
Tax effect of other adjustments to derive Underlying EBIT	**122**	(3)
Tax effect of other adjustments to derive Underlying net finance costs	**(2)**	(3)
Exchange rate variations on tax balances	**(20)**	4
Significant items	**15**	(23)
Joint venture adjustments relating to income tax[37]	**21**	96
Joint venture adjustments relating to royalty related tax[37]	**36**	55
Total adjustments to derive Underlying income tax (expense)/benefit	**172**	126
Underlying income tax (expense)/benefit	**259**	512
Underlying effective tax rate	**38.8 %**	36.1 %

Cash flow

Group free cash flow from operations, excluding EAIs, was an outflow of US$80M in FY24, reflecting lower commodity prices and metallurgical coal volumes, and our investment in productivity, improvement and growth projects. Group free cash flow for the year reflected a significant uplift in H2 FY24 (H2 FY24: +US$397M, H1 FY24: -US$477M), supported by improved operating performance, higher commodity prices, and an unwind of working capital (H2 FY24: US$182M unwind, H1 FY24: US$276M build).

Group capital expenditure, excluding EAIs, increased by US$186M to US$1,080M as we invested in critical path infrastructure and studies at our Hermosa project and additional ventilation capacity at Illawarra Metallurgical Coal.

Group cash tax paid, excluding EAIs, decreased by US$595M to US$223M as cash tax normalised following one-off portfolio related payments in the prior period.

Separately, we received net distributions[32] of US$53M from our manganese and Sierra Gorda EAIs in FY24. Net distributions from our manganese EAI reflected US$30M of initial funding provided to Australia Manganese to support recovery plans.

Free cash flow from operations excluding EAIs

US$M	FY24	FY23
Profit/(loss) from continuing and discontinued operations	**(97)**	198
Non-cash or non-operating items	**1,408**	1,852
Share of (profit)/loss from EAIs	**60**	(246)
Change in working capital	**(94)**	10
Cash generated from operations	**1,277**	1,814
Total capital expenditure, excluding EAIs, including intangibles and capitalised exploration	**(1,080)**	(894)
Operating cash flows generated from operations after capital expenditure	**197**	920
Net interest paid[41]	**(54)**	(45)
Income tax paid	**(223)**	(818)
Free cash flow from operations	**(80)**	57

Working capital movement

US$M	FY24	Commentary
Trade and other receivables	**(120)**	Timing of shipments and higher commodity prices in Q4 FY24
Inventories	**27**	Drawdown of aluminium inventory in H2 FY24
Trade and other payables	**(7)**	
Provisions and other liabilities	**6**	
Total working capital movement	**(94)**	

Capital expenditure

The Group's capital expenditure[42], excluding EAIs, increased by US$186M to US$1,080M in FY24 as we continued our investment in productivity, improvement and growth projects:

- Safe and reliable capital expenditure (US$266M), including Illawarra Metallurgical Coal (US$337M), increased by US$133M to US$603M, reflecting elevated capital expenditure at Illawarra Metallurgical Coal for additional ventilation capacity;
- Improvement and life extension capital expenditure increased by US$6M to US$64M as we completed energy transition projects at Worsley Alumina and progressed the De-bottlenecking Phase Two project at Brazil Alumina;
- Growth capital expenditure increased by US$116M to US$372M at Hermosa, as we installed critical path infrastructure and progressed studies and permitting for Taylor and Clark; and
- Intangibles and capitalised exploration expenditure was US$33M, as we completed multiple exploration programs across our portfolio focused on base metals.

Our share of capital expenditure for our material EAIs increased by US$46M to US$329M in FY24:

- Capital expenditure for our manganese EAIs increased by US$25M to US$109M, as South Africa Manganese continued work to access new mining areas and improve rail efficiencies, and Australia Manganese progressed construction of the Eastern Leases South life extension project, prior to the suspension of operations due to Tropical Cyclone Megan; and
- Capital expenditure for our Sierra Gorda EAI increased by US$21M to US$220M, as the operation continued its investment in deferred stripping, additional tailing storage infrastructure, plant de-bottlenecking, and the feasibility study for the fourth grinding line expansion project.

Capital expenditure (South32 share)[36][42]

US$M	FY24	FY23
Safe and reliable capital expenditure	**(266)**	(228)
Improvement and life extension capital expenditure	**(64)**	(58)
Growth capital expenditure	**(372)**	(256)
Intangibles and the capitalisation of exploration expenditure	**(33)**	(95)
Discontinued operation - Illawarra Metallurgical Coal	**(345)**	(257)
Total capital expenditure (excluding EAIs)	**(1,080)**	(894)
EAIs capital expenditure	**(329)**	(283)
Total capital expenditure (including EAIs)	**(1,409)**	(1,177)

Balance sheet

The Group finished the period with net debt of US$762M. Net debt reduced by US$329M in H2 FY24, supported by improved operating performance, higher commodity prices and an unwind of working capital to finish the year.

The sale of Illawarra Metallurgical Coal will further enhance the Group's balance sheet strength and flexibility and unlock capital to invest in our high-quality development projects and growth options in base metals.

We continue to prioritise a strong balance sheet and investment grade credit rating through the cycle. Our current BBB+/Baa1 credit ratings were re-affirmed by S&P Global Ratings and Moody's, respectively, during FY24. We also retain access to significant liquidity, having successfully extended our undrawn sustainability-linked revolving credit facility of US$1.4B to December 2027 and US$1.3B to December 2028.

Net debt

US$M	FY24	FY23
Cash and cash equivalents	**842**	1,258
Lease liabilities	**(710)**	(674)
Other interest bearing liabilities	**(894)**	(1,067)
Net debt[a]	**(762)**	(483)

(a) Net debt includes Illawarra Metallurgical Coal and Eagle Downs metallurgical coal which are classified as held for sale.

Dividends and capital management

Our unchanged capital management framework supports investment in our business and is designed to reward shareholders as our financial performance improves. Consistent with our policy to distribute a minimum 40% of Underlying earnings as ordinary dividends, the Board has resolved to pay a fully-franked final ordinary dividend of US 3.1 cents per share (US$140M) in respect of H2 FY24, representing 41% of Underlying earnings.

In February 2024, we took the decision to cancel our on-market share buy-back to manage our financial position and ensure we retained the right balance of flexibility, efficiency and prudence. Reflecting the Group's strengthened financial position and our disciplined approach to capital management, the Board has resolved to allocate US$200M to our ongoing capital management program, to be returned to shareholders via an on-market share buy-back, commencing from completion of the sale of Illawarra Metallurgical Coal. This will take returns under our capital management program to US$2.5B, with the US$200M increase in the program to be returned by 12 September 2025.

Dividends announced

Period	Dividend per share (US cents)	US$M	Franking	Pay-out ratio
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%
H1 FY24	0.4	18	100%	45%
H2 FY24	3.1	140	100%	41%

South32 shareholders registered on the South African branch register will not be able to dematerialise or rematerialise their shareholdings between 18 and 20 September 2024 (both dates inclusive), nor will transfers to/from the South African branch register be permitted between 13 and 20 September 2024 (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 South African rand	16 September 2024
Last day to trade cum dividend on the Johannesburg Stock Exchange (JSE)	17 September 2024
Ex-dividend date on the JSE	18 September 2024
Ex-dividend date on the ASX and London Stock Exchange (LSE)	19 September 2024
Record date (including currency election date for ASX)	20 September 2024
Payment date	17 October 2024

OUTLOOK

Production

We achieved 98% of revised FY24 copper equivalent production guidance[43], as we set consecutive annual production records at Hillside Aluminium and South Africa Manganese, and lifted production at Cannington by 10% despite adverse weather impacts.

In FY25, we expect to increase our low-carbon aluminium[44] production by 17% as Brazil Aluminium continues to ramp up and Mozal Aluminium delivers its recovery plan, and lift copper production by 15% as Sierra Gorda realises higher planned grades.

Australia Manganese has commenced a phased mining restart with mining activity expected to increase to support a planned build in stockpiles ahead of the wet season. Wharf operations are expected to recommence in Q3 FY25, subject to maintaining construction productivity during the wet season.

Production guidance (South32 share)[36]

	FY24	FY25e[(a)]	FY26e[(a)]	Key guidance assumptions
Worsley Alumina				
Alumina production (kt)	3,777	**3,750**	**3,750**	Constrained bauxite inventories in FY25 and FY26
Brazil Alumina (non-operated)				

Alumina production (kt)	1,286	**1,350**	**1,380**	Improved plant stability and realisation of benefits from the De-
Brazil Aluminium (non-operated)				
Aluminium production (kt)	104	**130**	**160**	Ramping up across all three potlines
Hillside Aluminium[45]				
Aluminium production (kt)	720	**720**	**720**	Expected to continue to test its maximum technical capacity
Mozal Aluminium[45]				
Aluminium production (kt)	314	**360**	**370**	Execution of operational recovery plan and return to nameplate capacity in H1 FY26
Sierra Gorda (non-operated)				
Ore processed (Mt)	21.9	**21.8**	**22.0**	Expected to increase copper equivalent production by 15% in FY25 and a further 2% in FY26, with the continued benefit of the plant de-bottlenecking project and higher planned copper grades
Payable copper equivalent production (kt)[24]	73.5	**84.8**	**86.1**	
Payable copper production (kt)	60.8	**70.0**	**74.0**	
Payable molybdenum production (kt)	0.9	**1.3**	**1.0**	
Payable gold production (koz)	24.6	**25.0**	**20.0**	
Payable silver production (koz)	607	**550**	**600**	
Cannington				
Ore processed (kdmt)	2,221	**2,100**	**2,200**	Increased underground mine complexity and rebuild of run of mine stocks in FY25
Payable zinc equivalent production (kt)[25]	302.5	**265.4**	**282.2**	
Payable silver production (koz)	12,666	**11,300**	**12,000**	
Payable lead production (kt)	112.4	**100.0**	**110.0**	
Payable zinc production (kt)	60.7	**50.0**	**50.0**	
Cerro Matoso				
Ore processed (kdmt)	2,774	**2,750**	**Subject to review**	Lower planned nickel grades in FY25
Payable nickel production (kt)	40.6	**35.0**		FY26 production guidance is not provided, subject to strategic review
Australia Manganese				
Manganese ore production (kwmt)	2,324	**1,000**	**3,200**	Mining activity to increase across FY25 and FY26 as we implement the operational recovery plan
South Africa Manganese				
Manganese ore production (kwmt)	2,175	**2,000**	**2,000**	Continued use of higher cost trucking to optimise sales volumes

	FY24	FY25e[a]	Key guidance assumptions
Illawarra Metallurgical Coal			
Total coal production (kt)	4,938	**N/A**	Guidance not provided, with the Transaction expected to complete on 29 August 2024
Metallurgical coal production (kt)	4,305		
Energy coal production (kt)	633		

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

Costs and capital expenditure

Operating unit costs guidance

Operating unit costs were in line with guidance across our operations in FY24, as we continued our focus on disciplined cost management. This focus, combined with the benefit of lower raw material input prices in our aluminium value chain, resulted in a 2% reduction in our total cost base in FY24[31].

Looking forward, we remain focused on delivering further cost efficiencies to mitigate industry-wide inflationary pressure and lower planned volumes at certain operations in FY25.

While Operating unit cost guidance is not provided for our aluminium smelters, their cost profile will continue to be influenced by producer currencies, and the price of raw material inputs and energy. FY25 Operating unit costs for Brazil Aluminium and Mozal Aluminium are expected to benefit from planned production growth of 25% and 15%, respectively.

Operating unit cost[46]

	FY24	H1 FY24	H2 FY24	FY25e[a][b]	Key guidance assumptions
Worsley Alumina					

(US$/t)	**269**	258	280	**290**	Constrained bauxite supply, higher caustic soda prices and price-linked royalties
Brazil Alumina (non-operated)					
(US$/t)	**323**	325	320	**Not provided**	Will continue to be influenced by the price of raw material inputs and energy
Brazil Aluminium (non-operated)					
(US$/t)	**3,500**	4,025	3,160	**Not provided**	To benefit from a planned 25% increase in production in FY25, and continue to be influenced by the price of raw material inputs and energy
Hillside Aluminium					
(US$/t)	**2,115**	2,135	2,097	**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$/t)	**2,371**	2,461	2,238	**Not provided**	To benefit from a planned 15% increase in production in FY25, and continue to be influenced by the price of raw material inputs and energy
Sierra Gorda (non-operated)					
(US$/t)[(c)]	**17.0**	18.8	15.2	**16.0**	Moderation in labour costs following the prior period's workforce payment
Cannington					
(US$/t)[(c)]	**154**	150	159	**170**	Lower planned mill throughput
Cerro Matoso					
(US$/lb)	**5.10**	5.57	4.73	**5.65**	Lower planned nickel grades, partially offset by lower price-linked royalties and a weaker Colombian peso
Australia Manganese					
(US$/dmtu, FOB)	**2.32**	2.15	N/A	**Not provided**	Subject to operational recovery plan and volumes in H2 FY25
South Africa Manganese					
(US$/dmtu, FOB)	**2.67**	2.59	2.78	**3.00**	Higher price-linked royalties and in-land logistics costs

(a) FY25e 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 47).

(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)

FY25 Group capital expenditure, excluding EAIs, is expected to decrease by US$52M to US$990M, reflecting lower sustaining capital expenditure with the divestment of Illawarra Metallurgical Coal, partially offset by higher growth capital expenditure at Hermosa as we progress construction of Taylor and the exploration decline for Clark:

- Safe and reliable: expected to decrease by US$293M to US$310M following the divestment of Illawarra Metallurgical Coal;
- Improvement and life extension: expected to increase by US$13M to US$80M, as we complete work for new mining areas and decarbonisation projects at Worsley Alumina; and
- Growth: expected to increase by US$228M to US$600M at Hermosa, as we construct infrastructure for Taylor (~US$530M), progress studies and key infrastructure for Clark (~US$40M) and complete work across the broader project (~US$30M).

FY25 capital expenditure for our material EAIs is expected to increase by US$70M to US$385M, as we invest to support the resumption of operations at Australia Manganese and advance projects to grow future copper volumes at Sierra Gorda:

- Manganese EAIs: expected to increase by US$67M to US$175M as we invest US$125M at Australia Manganese to repair and install infrastructure, including the wharf and a critical bridge. Our insurers have confirmed that the damage caused by Tropical Cyclone Megan is covered under our property damage and business interruption insurance. We are continuing to work with our insurers to assess the timing and value of recoveries under these policies; and

- Sierra Gorda: expected to be largely unchanged at US$210M as we continue to invest in deferred stripping and additional tailings capacity. We expect to update guidance following a final investment decision for the fourth grinding line expansion, planned for H1 FY25.

Capital expenditure excluding exploration and intangibles (South32 share)[36]

US$M	FY24	FY25e[a]
Worsley Alumina	69	**90**
Brazil Alumina	58	**60**
Brazil Aluminium	8	**10**
Hillside Aluminium	38	**60**
Mozal Aluminium	22	**25**
Cannington	37	**45**
Cerro Matoso	34	**20**
Illawarra Metallurgical Coal	337	**—[b]**
Safe and reliable capital expenditure (excluding EAIs)	603	**310**
Worsley Alumina	37	**45**
Brazil Alumina	22	**3**
Other operations	8	**32**
Improvement and life extension capital expenditure (excluding EAIs)	67	**80**
Hermosa	372	**600**
Growth capital expenditure	372	**600**
Total capital expenditure (excluding EAIs)	1,042	**990**
Total capital expenditure (including EAIs)	1,357	**1,375**

Capital expenditure for EAIs excluding exploration and intangibles (South32 share)[36]

US$M	FY24	FY25e[a]
Sierra Gorda	175	**185**
Australia Manganese	39	**125**
South Africa Manganese	31	**35**
Safe and reliable capital expenditure (EAIs)	245	**345**
Sierra Gorda	32	**25[c]**
Australia Manganese	26	**–**
South Africa Manganese	12	**15**
Improvement and life extension capital expenditure (EAIs)	70	**40**
Total capital expenditure (EAIs)	315	**385**

(a) The denotation (e) refers to an estimate or forecast year.
(b) FY25 capital expenditure guidance is not provided for Illawarra Metallurgical Coal, with the sale expected to complete on 29 August 2024.
(c) We expect to update FY25 capital expenditure guidance following a final investment decision for the fourth grinding line project, planned for H1 FY25.

Capitalised exploration guidance

FY25 Group capitalised exploration, including EAIs, is expected to be US$50M as we continue base metals exploration programs across our portfolio. This includes exploration programs at our Hermosa project as we continue to test the Peake copper deposit[27], and at Sierra Gorda's Catabela Northeast copper porphyry exploration prospect.

Capitalised exploration (South32 share)[36]

US$M	FY24	FY25e[(a)]
Capitalised exploration (excluding EAIs)	34	**40**
EAIs capitalised exploration	14	**10**
Capitalised exploration (including EAIs)	48	**50**

(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.

	FY24	FY25e[(a)]	Commentary
Group and unallocated expense in Underlying EBIT (excluding Hermosa, greenfield exploration and third party products and services EBIT)			
(US$M)	96	**100**	Reflects a normalised run-rate
Hermosa expenses included in Underlying EBIT			
(US$M)	24	**30**	Work across the broader Hermosa project
Underlying depreciation and amortisation			
(US$M)	916	**810**	Reflects divestment of Illawarra Metallurgical Coal
Underlying net finance costs			
(US$M)	249	**190**	Reflects divestment of Illawarra Metallurgical Coal
Greenfield exploration			
(US$M)	27	**30**	Greenfield exploration activity targeting base metals in highly prospective regions

(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 16 to 26. 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)[36]

	Underlying revenue		Underlying EBIT	
US$M	FY24	FY23	FY24	FY23
Worsley Alumina	**1,356**	1,363	**131**	68
Brazil Alumina	**484**	456	**(11)**	(45)
Brazil Aluminium	**242**	166	**(121)**	(136)
Hillside Aluminium	**1,720**	1,823	**130**	191
Mozal Aluminium	**812**	886	**(30)**	56
Sierra Gorda	**647**	684	**143**	217
Cannington	**631**	542	**206**	142
Hermosa	**–**	–	**(28)**	(19)
Cerro Matoso	**556**	698	**35**	189
Australia Manganese	**436**	688	**61**	266
South Africa Manganese	**343**	344	**45**	45
Third party products and services[48]	**388**	*399*	**7**	*12*
Inter-segment / Group and unallocated	**(780)**	(782)	**(123)**	*(84)*
South32 Group (excluding Illawarra Metallurgical Coal)	**6,835**	7,267	**445**	902
Illawarra Metallurgical Coal[49]	**1,461**	*1,783*	**441**	*714*
South32 Group	**8,296**	9,050	**886**	1,616

WORSLEY ALUMINA
(86% SHARE)

Worsley Alumina is an integrated bauxite mining and alumina refining operation in the South West of Western Australia. Alumina from Worsley Alumina is exported to our Hillside Aluminium and Mozal Aluminium smelters and other smelters around the world.

Volumes

Worsley Alumina saleable production decreased by 2% (or 62kt) to 3,777kt in FY24, as a temporary outage of the bauxite conveyor impacted bauxite supply to the refinery in Q4 FY24. Production is expected to be 3,750kt across FY25 and FY26 as we manage bauxite inventories due to delays in regulatory approvals for new mining areas, and complete additional conveyor maintenance. The refinery is expected to operate at nameplate capacity of 4.6Mtpa (100% basis) from FY27, subject to the receipt of approvals for new mining areas.

On 8 July 2024, the WA Environmental Protection Authority (WA EPA) published its recommendation that the Worsley Mine Development Project be approved, subject to conditions. If imposed in their current form, several conditions would create significant operating challenges. We have lodged an appeal in relation to the WA EPA assessment report, and continue to work collaboratively with the Western Australian Government to enable Worsley Alumina to continue to meet the State's robust environmental standards. We are aiming to secure the required environmental approvals by the end of CY24.

Operating costs

Operating unit costs decreased by 8%, to US$269/t in FY24, as lower caustic soda prices (FY24: US$460/t, FY23: US$659/t), freight rates and a weaker Australian dollar, more than offset higher energy costs as we converted the first two coal-fired boilers to natural gas.

We expect FY25 Operating unit costs to increase by 8%, to US$290/t, due to the impact of constrained bauxite supply, higher caustic soda prices (FY25e: ~US$500/t) and price-linked royalties. Exchange rate and price assumptions for FY25 Operating unit cost guidance are detailed on page 29, footnote 47.

Financial performance

Underlying EBIT increased by 93% (or US$63M), to US$131M in FY24, as higher average alumina prices (+US$11M), lower caustic soda costs (+US$81M) and freight rates on sales (+US$18M), more than offset lower sales volumes (-US$18M) and higher energy costs (-US$8M).

Capital expenditure

Safe and reliable capital expenditure increased by US$20M to US$69M in FY24 and is expected to be US$90M in FY25 as we continue our investment in infrastructure to access new mining areas and additional bauxite residue disposal capacity.

Improvement and life extension capital expenditure increased by US$4M to US$37M in FY24 and is expected to be US$45M in FY25 as we progress the Worsley Mine Development Project and decarbonisation projects at the refinery.

Safety	FY24	FY23
Lost Time Injury Frequency (LTIF)	**1.6**	0.6
Total Recordable Injury Frequency (TRIF)	**8.0**	8.6

South32 share	FY24	FY23
Alumina production (kt)	**3,777**	3,839
Alumina sales (kt)	**3,767**	3,817
Realised alumina sales price (US$/t)	**360**	357
Operating unit cost (US$/t)	**269**	291

South32 share (US$M)	FY24	FY23
Underlying revenue	**1,356**	1,363
Underlying EBITDA	**324**	251
Underlying EBIT	**131**	68
Net operating assets	**1,813**	2,457
Capital expenditure	**106**	82
Safe and reliable	**69**	49
Improvement and life extension	**37**	33

Social Investment	**0.9**	1.1

BRAZIL ALUMINA

(36% SHARE, NON-OPERATED)

Brazil Alumina includes our 33% interest in the Mineração Rio do Norte (MRN) bauxite mine and a 36% interest in the Alumar alumina refinery. Our share of bauxite produced from MRN is supplied to the Alumar refinery. The alumina produced from Alumar refinery is supplied to the co-located Alumar aluminium smelter and exported to other smelters around the world.

Volumes

Brazil Alumina saleable production increased by 2% (or 24kt) to 1,286kt in FY24, with improved plant availability in H2 FY24. Production is expected to increase by 5% to 1,350kt in FY25 and a further 2% to 1,380kt in FY26 as the refinery begins to realise the benefits of the De-bottlenecking Phase Two project.

Operating costs

Operating unit costs decreased by 12%, to US$323/t in FY24, as the refinery delivered improved volumes and benefitted from lower prices for caustic soda (FY24: US$469/t, FY23: US$722/t), coal-linked energy, and bauxite from MRN linked to alumina and aluminium prices on a trailing basis.

While Operating unit cost guidance is not provided for this non-operated facility, we expect FY25 Operating unit costs to benefit from higher planned volumes and a further reduction in energy prices.

Financial performance

Underlying EBIT improved by US$34M, to a loss of US$11M in FY24, as higher sales volumes (+US$16M) and average realised alumina prices (+US$12M), together with lower prices for caustic soda (+US$32M), energy (+US$28M) and bauxite (+US$9M), more than offset a stronger Brazilian real (-US$4M).

Our share of the loss from our equity interest in MRN was US$30M in FY24 (FY23: profit of US$6M), which reflected lower bauxite prices.

Capital expenditure

Safe and reliable capital expenditure increased by US$13M to US$58M in FY24 and is expected to be US$60M in FY25 as we continue our investment in additional bauxite residue disposal capacity.

Improvement and life extension capital expenditure increased by US$9M to US$22M in FY24 as we completed key work for the refinery's De-bottlenecking Phase Two project. Our spend is expected to significantly reduce to US$3M in FY25.

The partners of MRN continue to progress a feasibility study for the West Zone project, which has the potential to extend the life of the bauxite mine by more than 20 years[50]. A final investment decision for an enabling transmission line to connect MRN to the Brazilian power grid is anticipated during FY25. The transmission line will enable MRN to replace its current diesel-powered generation with renewable energy sources, reducing operating costs and GHG emissions.

South32 share	FY24	FY23
Alumina production (kt)	**1,286**	1,262
Alumina sales (kt)	**1,282**	1,237
Realised sales price (US$/t)	**378**	369
Operating unit cost (US$/t)[(a)]	**323**	368

South32 share (US$M)	FY24	FY23
Underlying revenue	**484**	456
Underlying EBITDA	**40**	7
Underlying EBIT	**(11)**	(45)
Net operating assets	**736**	738
Capital expenditure	**80**	58
Safe and reliable	**58**	45
Improvement and life extension	**22**	13

(a) Excludes the profit/(loss) from our equity interest in MRN.

BRAZIL ALUMINIUM

(40% SHARE, NON-OPERATED)

The Brazil Aluminium smelter was restarted during FY22 after being on care and maintenance since 2015. Brazil Aluminium produces aluminium for domestic and export markets, with alumina supplied by the co-located Alumar refinery. Our share of Brazil Aluminium production is powered by 100% renewable power.

Volumes

Brazil Aluminium saleable production increased by 51% (or 35kt) to 104kt in FY24, as the smelter continued to ramp up all three potlines. Production is expected to increase by 25% to 130kt in FY25 and a further 23% to 160kt in FY26.

Operating costs

Operating unit costs decreased by 20%, to US$3,500/t in FY24, as the smelter continued to ramp up and benefitted from lower prices for smelter raw material inputs.

While Operating unit cost guidance is not provided for this non-operated facility, we expect FY25 Operating unit costs to benefit from a 25% increase in production volumes as the smelter continues to ramp up.

Financial performance

Underlying EBIT improved by US$15M, to a loss of US$121M in FY24, as higher sales volumes (+US$84M) and lower smelter raw material input prices (+US$26M), more than offset lower average realised aluminium prices (-US$8M), a stronger Brazilian real (-US$8M), and production and inventory related costs (-US$75M) as the smelter continued to ramp up.

Capital expenditure

Capital expenditure was US$8M in FY24 and is expected to be US$12M in FY25.

South32 share	FY24	FY23
Aluminium production (kt)	**104**	69
Aluminium sales (kt)	**102**	68
Realised sales price (US$/t)	**2,373**	2,452
Operating unit cost (US$/t)	**3,500**	4,357

South32 share (US$M)	FY24	FY23
Underlying revenue	**242**	166
Underlying EBITDA	**(115)**	(129)
Underlying EBIT	**(121)**	(136)
Net operating assets	**68**	28
Capital expenditure	**8**	9
Safe and reliable	**8**	9
Improvement and life extension	**–**	–

HILLSIDE ALUMINIUM

(100% SHARE)

Hillside Aluminium is located in Richards Bay, South Africa, and is the largest aluminium smelter in the southern hemisphere. The smelter produces high-quality, primary aluminium for domestic and export markets.

Volumes

Hillside Aluminium saleable production increased by 1kt to a record 720kt in FY24, as the smelter continued to test its maximum technical capacity, despite the impact of load-shedding. Production is expected to be sustained at 720kt[45] across FY25 and FY26.

Operating costs

Operating unit costs decreased by 3%, to US$2,115/t in FY24, as the smelter continued its strong operating performance and benefitted from lower prices for smelter raw material inputs, more than offsetting additional maintenance.

While Operating unit cost guidance is not provided, the cost profile of the smelter will continue to be heavily influenced by the price of smelter raw material inputs, including alumina supplied by our Worsley Alumina refinery, and other external factors including the South African rand and inflation-linked 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 continue to work with Eskom and other stakeholders in the South African energy sector on pathways to secure lower carbon[51] electricity supply.

Financial performance

Underlying EBIT decreased by 32% (or US$61M), to US$130M in FY24, as lower average realised aluminium prices (-US$107M) and maintenance costs (-US$9M), more than offset lower prices for smelter raw material inputs (+US$89M).

130 pots were relined at a cost of US$327k per pot in FY24 (FY23: 96 pots at US$281k per pot), with ~130 pots scheduled to be relined in FY25. The smelter is deploying AP3XLE energy efficiency technology in its pot relining activity to further enhance the smelter's energy efficiency and reduce GHG emissions. At the end of FY24, 36% of the pots had been relined using AP3XLE technology.

Capital expenditure

Capital expenditure increased by US$22M to US$40M in FY24 and is expected to increase to US$65M in FY25 as we replace the smelter's pot tending assemblies. We expect capital expenditure to remain elevated across FY25 and FY26 as we substantially complete our investment in pot tending assemblies.

Safety	FY24	FY23
Lost Time Injury Frequency (LTIF)	**0.8**	1.7
Total Recordable Injury Frequency (TRIF)	**1.6**	3.0

South32 share	FY24	FY23
Aluminium production (kt)	**720**	719
Aluminium sales (kt)	**720**	719
Realised sales price (US$/t)	**2,389**	2,535
Operating unit cost (US$/t)	**2,115**	2,178

South32 share (US$M)	FY24	FY23
Underlying revenue	**1,720**	1,823
Underlying EBITDA	**197**	257
Underlying EBIT	**130**	191
Net operating assets	**805**	845
Capital expenditure	**40**	18
Safe and reliable	**38**	16
Improvement and life extension	**2**	2
Social Investment	**7.3**	9.1

MOZAL ALUMINIUM
(63.7% SHARE)

Mozal Aluminium is located near Maputo, Mozambique, and is a significant industrial employer in the country. The smelter produces high-quality, primary aluminium for domestic and export markets.

Volumes

Mozal Aluminium saleable production decreased by 9% (or 31kt) to 314kt in FY24, as the smelter progressed its recovery plan, while managing the impact of load-shedding. Production is expected to increase by 15% to 360kt[45] in FY25, and a further 3% to 370kt[45] in FY26 as the smelter returns toward nameplate capacity.

FY26 production guidance is subject to the extension of the current power supply agreement for Mozal Aluminium, which expires in March 2026. We continue to work with Eskom and the Government of the Republic of Mozambique to extend the smelter's hydro-electric power supply, as there are currently no viable alternative suppliers of renewable energy at the required scale.

Operating costs

Operating unit costs increased by 2%, to US$2,371/t in FY24, with sequentially lower Operating unit costs across H2 FY24 of US$2,238/t (H1 FY24: US$2,461/t) as the smelter progressed its recovery plan and benefitted from lower smelter raw material input prices.

While Operating unit cost guidance is not provided, we expect FY25 Operating unit costs to benefit from a 15% increase in production volumes as the smelter delivers its recovery plan. The smelter's cost base will continue to be heavily influenced by the price of smelter 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.

Financial performance

Underlying EBIT decreased by US$86M, to a loss of US$30M in FY24, as lower average realised aluminium prices (-US$54M) and sales volumes (-US$20M), together with higher energy (-US$17M) and maintenance costs (-US$9M), more than offset lower prices for smelter raw material inputs (+US$60M).

136[52] pots were relined at a cost of US$377k per pot in FY24 (FY23: 82 pots at US$318k per pot) using AP3XLE technology. We expect to reline ~150 pots in FY25 as we progressively return pots to operation as part of the recovery plan.

Capital expenditure

Capital expenditure was US$23M in FY24 and is expected to be US$25M in FY25 as we continue our investment in plant upgrades.

Safety	FY24	FY23
Lost Time Injury Frequency (LTIF)	**0.6**	0.4
Total Recordable Injury Frequency (TRIF)	**1.5**	1.5

South32 share	FY24	FY23
Aluminium production (kt)	**314**	345
Aluminium sales (kt)	**326**	334
Realised sales price (US$/t)	**2,491**	2,653
Operating unit cost (US$/t)	**2,371**	2,329

South32 share (US$M)	FY24	FY23
Underlying revenue	**812**	886
Underlying EBITDA	**39**	108
Underlying EBIT	**(30)**	56
Net operating assets	**498**	578
Capital expenditure	**23**	17
Safe and reliable	**22**	16
Improvement and life extension	**1**	1
Social Investment	**2.2**	1.8

SIERRA GORDA
(45% SHARE, NON-OPERATED)

Sierra Gorda is a large scale, open-pit mine in the prolific Antofagasta copper mining region, that produces copper, molybdenum, gold and silver.

Volumes

Sierra Gorda payable copper equivalent production[24] decreased by 15% (or 12.7kt) to 73.8kt in FY24, as higher plant throughput delivered by the de-bottlenecking project was more than offset by lower than planned copper grades and molybdenum recoveries in the current phase of the mine plan.

Production is expected to increase by approximately 15% to 84.8kt in FY25 and a further 2% to 86.1kt in FY26, as the operation continues to benefit from the de-bottlenecking project and realises higher metal grades in the next phase of the mine plan.

Operating costs

Operating unit costs increased by 10%, to US$17.0/t ore processed in FY24, in line with guidance, as the operation incurred a planned one-off workforce payment following the finalisation of a new three-year industrial agreement.

We expect FY25 Operating unit costs to decrease by 6% to US$16.0/t ore processed, reflecting the normalisation of labour costs, and maintenance efficiencies. Exchange rate and price assumptions for FY25 Operating unit cost guidance are detailed on page 29, footnote 47.

Financial performance

Underlying EBIT decreased by 34%, (or US$74M) to US$143M in FY24, as higher average realised metal prices (+US$48M) and lower electricity costs (+US$18M), under a cost efficient, 100% renewable electricity contract, were more than offset by lower sales volumes (-US$85M), the one-off workforce payment (-US$20M), higher maintenance costs (-US$10M) and local inflationary pressures (-US$14M).

Capital expenditure

Safe and reliable capital expenditure was US$175M in FY24 and is expected to be US$185M in FY25 as the operation continues deferred stripping activity and invests in additional tailings infrastructure.

Improvement and life extension capital expenditure was US$32M in FY24 as the operation completed plant de-bottlenecking work and progressed the feasibility study for the fourth grinding line expansion.

We expect to spend US$25M in H1 FY25, ahead of the planned completion of the feasibility study for the fourth grinding line project. The project has the potential to increase plant throughput by ~20% to ~58Mtpa, lifting copper production and lowering Operating unit costs.

We expect to update FY25 capital guidance following the final investment decision for the fourth grinding line project.

South32 share	FY24	FY23
Ore mined (Mt)	**19.9**	26.0
Ore processed (Mt)	**21.9**	21.2
Ore grade processed (%, Cu)	**0.36**	0.42
Payable copper equivalent production (kt)[24]	**73.8**	86.5
Payable copper production (kt)	**60.8**	70.7
Payable molybdenum production (kt)	**0.9**	1.2
Payable gold production (koz)	**24.6**	28.8
Payable silver production (koz)	**607**	630
Payable copper sales (kt)	**60.9**	71.8
Payable molybdenum sales (kt)	**1.3**	1.3
Payable gold sales (koz)	**24.9**	29.1
Payable silver sales (koz)	**605**	639
Realised copper sales price (US$/lb)	**3.86**	3.51
Realised molybdenum sales price (US$/lb)	**20.60**	21.28
Realised gold sales price (US$/oz)	**2,129**	1,821
Realised silver sales price (US$/oz)	**24.8**	21.9
Operating unit cost (US$/t ore processed)[53]	**17.0**	15.4

South32 share (US$M)	FY24	FY23
Underlying revenue	**647**	684
Underlying EBITDA	**275**	358
Underlying EBIT	**143**	217
Net operating assets	**1,664**	1,588
Capital expenditure	**207**	196
Safe and reliable	**175**	151
Improvement and life extension	**32**	45
Exploration expenditure	**13**	7

Exploration expensed	—	4

CANNINGTON
(100% SHARE)

Cannington is an underground mine located in north-west Queensland, Australia, that produces high-grade lead and zinc concentrates with a high silver content.

Volumes

Cannington payable zinc equivalent production[25] increased by 10% to 285.2kt in FY24, despite adverse weather impacts, as the operation realised higher average metal grades.

Looking ahead, a significant increase in underground activity and complexity is expected to drive greater variability in mine performance as the underground mine progresses toward the end of its life. Due to these factors and the need to rebuild run of mine stocks following adverse weather impacts in H2 FY24, payable zinc equivalent production is expected to be 265.4kt in FY25 (ore processed 2,100kdmt, silver 11,300koz, lead 100.0kt, zinc 50.0kt). Production is then expected to increase by 6% in FY26 to 282.2kt payable zinc equivalent (ore processed 2,200kdmt, silver 12,000koz, lead 110.0kt, zinc 50.0kt) with improved plant throughput.

Operating costs

Operating unit costs were largely unchanged at US$154/t in FY24, as higher plant throughput and a weaker Australian dollar were offset by additional contractor costs to support the planned increase in underground activity.

We expect FY25 Operating unit costs to increase by 10%, to US$170/t, reflecting the volume impact of lower ore processed. Exchange rate and price assumptions for FY25 Operating unit cost guidance are detailed on page 29, footnote 47.

Financial performance

Underlying EBIT increased by 45% (or US$64M), to US$206M in FY24, as higher average metal prices (+US$56M) and sales volumes (+US$33M), more than offset additional contractor costs to deliver planned underground activity (-US$8M) and higher local gas prices (-US$5M).

Capital expenditure

Capital expenditure decreased by US$23M to US$38M in FY24, following the transition to 100% truck haulage in the prior period. We expect to invest US$45M in FY25 as we continue to invest in underground development.

Safety	FY24	FY23
Lost Time Injury Frequency (LTIF)	**5.6**	4.8
Total Recordable Injury Frequency (TRIF)	**15.8**	11.0

South32 share	FY24	FY23
Ore mined (kwmt)	**2,252**	2,223
Ore processed (kdmt)	**2,221**	2,156
Ore grade processed (g/t, Ag)	**205**	187
Ore grade processed (%, Pb)	**5.9**	5.6
Ore grade processed (%, Zn)	**3.7**	3.8
Payable zinc equivalent production (kt)[25]	**285.2**	259.6
Payable silver production (koz)	**12,666**	11,183
Payable lead production (kt)	**112.4**	101.7
Payable zinc production (kt)	**60.7**	59.2
Payable silver sales (koz)	**11,793**	10,739
Payable lead sales (kt)	**102.4**	99.0
Payable zinc sales (kt)	**60.1**	58.1
Realised silver sales price (US$/oz)	**24.8**	21.1
Realised lead sales price (US$/t)	**2,002**	1,919
Realised zinc sales price (US$/t)	**2,230**	2,151
Operating unit cost (US$/t ore processed)[53]	**154**	153

South32 share (US$M)	FY24	FY23
Underlying revenue	**631**	542
Underlying EBITDA	**289**	213
Underlying EBIT	**206**	142
Net operating assets	**150**	172
Capital expenditure	**38**	61
Safe and reliable	**37**	60
Improvement and life extension	**1**	1
Exploration expenditure	**9**	8
Exploration expensed	**6**	6
Social Investment	**0.4**	0.5

CERRO MATOSO
(99.9% SHARE)

Cerro Matoso is an integrated nickel laterite mine and smelter located in northern Colombia that produces ferronickel used to make stainless steel.

We continue to progress our strategic review of Cerro Matoso in response to structural changes in the nickel market. We expect to provide information on the outcome of this review in H2 FY25.

Volumes

Cerro Matoso payable nickel production was largely unchanged at 40.6kt in FY24, supported by improved plant throughput and nickel grades to finish the year. Production is expected to be 35.0kt in FY25, reflecting lower planned nickel grades. FY26 production guidance is not provided as it is subject to the outcomes of the strategic review.

Operating costs

Operating unit costs were largely unchanged at US$5.10/lb in FY24, beating our already lowered guidance by 2%, as we realised further cost efficiencies and benefitted from lower price-linked royalties, offsetting a stronger Colombian peso.

We expect FY25 Operating unit costs to increase by 11% to US$5.65/lb, reflecting the volume impact of lower planned nickel grades, partially offset by a weaker Colombian peso and lower price-linked royalties. Exchange rate and price assumptions for FY25 Operating unit cost guidance are detailed on page 29, footnote 47.

Financial performance

Underlying EBIT decreased by US$154M, to US$35M in FY24, as a significant decline in the average realised nickel price (-US$143M) and a stronger Colombian peso (-US$39M), more than offset lower price-linked royalties (+US$36M).

Underlying EBIT improved by US$63M to US$49M in H2 FY24 (H1 FY24: EBIT loss of US$14M) as we took action to protect margins, and price realisations for our ferronickel product improved (H2 FY24: ~21%, H1 FY24: ~29% discount to the LME Nickel Index).

Capital expenditure

Capital expenditure was US$34M in FY24 and is expected to reduce by US$14M to US$20M in FY25 as we prioritise our capital program.

Safety	FY24	FY23
Lost Time Injury Frequency (LTIF)	**2.3**	1.3
Total Recordable Injury Frequency (TRIF)	**2.7**	1.6

South32 share	FY24	FY23
Ore mined (kwmt)	**5,195**	5,560
Ore processed (kdmt)	**2,774**	2,807
Ore grade processed (%, Ni)	**1.60**	1.62
Payable nickel production (kt)	**40.6**	40.8
Payable nickel sales (kt)	**40.9**	40.8

Realised nickel sales price (US$/lb)[54]	**6.17**	7.76
Operating unit cost (US$/lb)	**5.10**	5.03

South32 share (US$M)	FY24	FY23
Underlying revenue	**556**	698
Underlying EBITDA	**96**	246
Underlying EBIT	**35**	189
Net operating assets	**91**	363
Capital expenditure	**34**	38
Safe and reliable	**34**	33
Improvement and life extension	**–**	5
Exploration expenditure	**3**	2
Exploration expensed	**3**	2
Social Investment	**2.6**	4.8

AUSTRALIA MANGANESE

(60% SHARE)

Australia Manganese consists of Groote Eylandt Mining Company (GEMCO) in the Northern Territory, Australia. GEMCO is an open-cut mining operation that produces high-grade manganese ore.

On 16 to 17 March 2024, Tropical Cyclone Megan severely impacted operations at GEMCO, with record rainfall and the second strongest wind gusts in the past 20 years. The intense weather system resulted in widespread flooding and significant damage to critical infrastructure.

Following Tropical Cyclone Megan, we continue to implement the operational recovery plan, dewatering targeted mining pits and commencing a phased mining restart. Mining activity is expected to increase to support a planned build in stockpiles ahead of the wet season. Wharf operations are scheduled to recommence in Q3 FY25, subject to maintaining construction productivity during the wet season, with sales volumes expected to progressively increase over Q4 FY25.

Volumes

Australia Manganese saleable production decreased by 34% (or 1,221kwmt) to 2,324kwmt in FY24, as we temporarily suspended operations in March 2024.

Production is expected to be 1,000kwmt in FY25 and 3,200kwmt in FY26 as we complete the operational recovery plan.

Operating costs

Operating unit costs increased by 23%, to US$2.32/dmtu in FY24, due to lower volumes as a result of Tropical Cyclone Megan.

FY25 Operating unit cost guidance is not currently provided and is subject to the operational recovery plan and volumes in H2 FY25.

We expect to incur additional idle capacity and remediation related costs in FY25 as we implement the operational recovery plan, which will be excluded from FY25 Underlying earnings as an earnings adjustment.

Financial performance

Underlying EBIT decreased by 77% (or US$205M) to US$61M in FY24. Separately we incurred idle capacity and other remediation costs of US$93M that were excluded from Underlying EBIT as an earnings adjustment.

Capital expenditure

Capital expenditure for mine repairs and infrastructure, including the wharf and a critical bridge, is expected to be approximately US$125M in FY25.

Our insurers have confirmed that the damage caused by Tropical Cyclone Megan is covered under our property damage and business interruption insurance. We are continuing to work with our insurers to assess the timing and value of recoveries under these policies.

Safety	FY24	FY23
Lost Time Injury Frequency (LTIF)	**4.0**	1.5
Total Recordable Injury Frequency (TRIF)	**8.4**	6.3

South32 share	FY24	FY23
Manganese ore production (kwmt)	**2,324**	3,545
Manganese ore sales (kwmt)	**2,573**	3,261
Realised external manganese ore sales price (US$/dmtu, FOB)(55)(56)	**3.77**	4.59
Ore operating unit cost (US$/dmtu, FOB)(56)(57)	**2.32**	1.88

South32 share (US$M)	FY24	FY23
Underlying revenue	**436**	688
Underlying EBITDA	**182**	369
Underlying EBIT	**61**	266
Net operating assets	**166**	239
Capital expenditure	**65**	58
Safe and reliable	**39**	41
Improvement and life extension	**26**	17
Exploration expenditure	**1**	1
Exploration expensed	**–**	–
Social Investment	**1.0**	0.8

SOUTH AFRICA MANGANESE

(ORE 54.6% SHARE, ALLOY 60% SHARE)

South Africa Manganese consists of two manganese mines in the Kalahari Basin, and the Metalloys manganese alloy smelter which was placed on care and maintenance in FY20.

In June 2024, South Africa Manganese entered into a binding agreement to divest Metalloys, subject to the satisfaction of conditions[58].

Volumes

South Africa Manganese saleable production increased by 3% (or 67kwmt) to a record 2,175kwmt in FY24, as we lifted output of secondary products to capitalise on stronger manganese prices in Q4 FY24.

Production is expected to be 2,000kwmt across FY25 and FY26 as we continue to use higher cost trucking to optimise sales volumes and margins.

Operating costs

Operating unit costs were largely unchanged at US$2.67/dmtu in FY24, as higher volumes and a weaker South African rand partially offset higher in-land logistics costs and local inflationary cost pressures.

We expect FY25 Operating unit costs to increase by 12% to US$3.00/dmtu, due to higher price-linked royalties and in-land logistics costs. Exchange rate and price assumptions for FY25 Operating unit cost guidance are detailed on page 29, footnote 47.

Financial performance

Ore Underlying EBIT decreased by 6% (or US$3M), to US$48M in FY24, as higher sales volumes (+US$8M) and a weaker South African rand (+US$11M) were more than offset by lower average realised manganese prices (-US$9M), higher in-land logistics costs (-US$12M) and local inflationary pressures (-US$11M).

Capital expenditure

Safe and reliable capital expenditure increased by US$15M to US$31M in FY24 and is expected to be US$35M in FY25 as we continue our investment in rail infrastructure to improve safety and efficiencies, and new mobile fleet.

Improvement and life extension capital expenditure was US$12M in FY24 and is expected to be US$15M in FY25 as we advance work to access new mining areas and increase future production capacity at our high-grade underground Wessels mine.

Safety	FY24	FY23
Lost Time Injury Frequency (LTIF)	**1.6**	0.7
Total Recordable Injury Frequency (TRIF)	**2.5**	0.7

South32 share	FY24	FY23
Manganese ore production (kwmt)	**2,175**	2,108
Manganese ore sales (kwmt)	**2,116**	2,065
Realised external manganese ore sales price (US$/dmtu, FOB)[55][59]	**3.53**	3.58
Ore operating unit cost (US$/dmtu, FOB)[57][59]	**2.67**	2.64

South32 share (US$M)	FY24	FY23
Underlying revenue	**343**	344
Manganese ore	**343**	344
Manganese alloy	**–**	–
Underlying EBITDA	**65**	66
Manganese ore	**68**	72
Manganese alloy	**(3)**	(6)
Underlying EBIT	**45**	45
Manganese ore	**48**	51
Manganese alloy	**(3)**	(6)
Net operating assets/(liabilities)	**200**	143
Manganese ore	**271**	214
Manganese alloy	**(71)**	(71)
Capital expenditure	**43**	25
Safe and reliable	**31**	16
Improvement and life extension	**12**	9
Exploration expenditure	**–**	1
Exploration expensed	**–**	1
Social Investment	**2.3**	3.2

ILLAWARRA METALLURGICAL COAL

(100% SHARE)

Illawarra Metallurgical Coal operates two underground metallurgical coal mines in the southern coalfields of New South Wales, Australia.

We expect to complete the sale of Illawarra Metallurgical Coal for total cash consideration of up to US$1.65B[3], on 29 August 2024.

Volumes

Illawarra Metallurgical Coal saleable production decreased by 24% (or 1,582kt), to 4,938kt in FY24, in line with guidance, as the operation completed planned longwall moves.

FY25 production guidance is not provided, with the sale expected to complete on 29 August 2024.

Operating costs

Operating unit costs increased by 18%, to US$150/t in FY24, as we completed planned longwall moves.

Financial performance

Underlying EBIT decreased by 38% (or US$273M), to US$441M in FY24, as lower sales volumes (-US$373M) due to planned longwall moves, and lower average realised prices (-US$47M), more than offset lower price-linked royalties (+US$30M) and local electricity prices (+US$20M).

Depreciation and amortisation decreased by US$60M to US$81M, as Illawarra Metallurgical Coal ceased depreciating upon classification as a discontinued operation and held for sale since February 2024[3].

Capital expenditure

Capital expenditure increased by US$92M to US$340M in FY24 as we continued a significant investment in additional ventilation capacity at Appin.

Safety	FY24	FY23
Lost Time Injury Frequency (LTIF)	**3.4**	4.3
Total Recordable Injury Frequency (TRIF)	**11.2**	21.3

South32 share	FY24	FY23
Metallurgical coal production (kt)	**4,305**	5,497
Energy coal production (kt)	**633**	1,023
Metallurgical coal sales (kt)	**4,172**	5,402
Energy coal sales (kt)	**699**	957
Realised metallurgical coal sales price (US$/t)	**275**	279
Realised energy coal sales price (US$/t)	**107**	144
Operating unit cost (US$/t)	**150**	127

South32 share (US$M)[(a)]	FY24	FY23
Underlying revenue[(60)]	**1,461**	*1,783*
Underlying EBITDA	**522**	*855*
Underlying EBIT	**441**	*714*
Net operating assets	**1,236**	*901*
Capital expenditure	**340**	248
Safe and reliable	**337**	242
Improvement and life extension	**3**	6
Exploration expenditure	**10**	17
Exploration expensed	**5**	9
Social Investment	**1.2**	0.9

(a) Illawarra Metallurgical Coal has been classified as a discontinued operation and held for sale since February 2024[(3)]. As a result, the FY24 and restated FY23 underlying results reflect those of the discontinued operation, including third party products and services. Net operating assets represent the assets and directly associated liabilities classified as held for sale for FY24 and the restated equivalent amounts for FY23.

NOTES

(1) Members are equity holders of South32 Limited. Amounts reported as attributable to members are stated net of amounts attributable to non-controlling interests.

(2) Refers to Underlying earnings attributable to members.

(3) Refer to market release "Sale of Illawarra Metallurgical Coal" dated 29 February 2024. The consideration comprises; upfront cash consideration of US$1,050M, payable at completion; deferred cash consideration of US$250M, payable in 2030; and contingent price-linked cash consideration of up to US$350M, applicable for five years from the date of completion with no annual cap. The first two years will be calculated and paid on the second anniversary of completion and annually thereafter. The contingent price-linked consideration will be calculated as 50% of incremental metallurgical coal revenue from equity production, net of royalties, based on the following metallurgical coal price thresholds: Year 1: US$200/t, Year 2: US$200/t, Year 3: US$190/t, Year 4: US$180/t, Year 5: US$180/t.

(4) Net tangible assets as at 30 June 2024 includes all right-of-use assets and lease liabilities, in accordance with AASB 16 Leases.

(5) FY24 basic earnings per share is calculated as Profit/(loss) after tax attributable to members divided by the weighted average number of shares for FY24 (4,519 million). FY24 basic Underlying earnings per share is calculated as Underlying earnings attributable to members divided by the weighted average number of shares for FY24. FY23 basic earnings per share is calculated as Profit/(loss) after tax attributable to members divided by the weighted average number of shares for FY23 (4,572 million). FY23 basic Underlying earnings per share is calculated as Underlying earnings attributable to members divided by the weighted average number of shares for FY23.

(6) FY24 ordinary dividends per share is calculated as H1 FY24 ordinary dividend announced (US$18M) divided by the number of shares on issue at 31 December 2023 (4,529 million) plus H2 FY24 ordinary dividend announced (US$140M) divided by the number of shares on issue at 30 June 2024 (4,529 million).

(7) FY23 and FY24 includes discontinued operation Illawarra Metallurgical Coal.

(8) Underlying revenue includes revenue from third party products and services.

(9) 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/(loss) before net finance income/(costs), tax and any earnings adjustments, including impairments. Underlying EBITDA is Underlying EBIT before Underlying depreciation and amortisation. Underlying earnings attributable to members is Profit/(loss) after tax attributable to members and earnings adjustment items. Underlying earnings attributable to members 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 attributable to members, 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.

(10) 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.

(11) Comprises Underlying EBIT excluding third party products and services EBIT, divided by Underlying revenue excluding third party products and services revenue.

(12) 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 impact of any impairments or impairment reversals, and unproductive capital) and inventories.

(13) Total Recordable Injury Frequency (TRIF): The sum of recordable injuries x 1,000,000) ÷ exposure hours, for employees and contractors. This is stated in units of per million hours worked for employees and contractors. We adopt the United States Government Occupational Safety and Health Administration (OSHA) guidelines for the recording and reporting of occupational injuries and illnesses.

(14) Lost Time Injury Frequency (LTIF): The sum of (Lost Time injuries x 1,000,000) ÷ exposure hours, for employees and contractors. This is stated in units of per million hours worked for employees and contractors. We adopt the United States Government Occupational Safety and Health Administration (OSHA) guidelines for the recording and reporting of occupational injuries and illnesses.

(15) Seven injuries which occurred in FY23 have been reclassified from restricted work cases to lost time cases, resulting in an increase in LTIF from 1.4 to 1.6

(16) Significant hazard 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.

(17) Black People is a term defined in the Broad-Based Black Economic Empowerment Amendment Act 2013 (South Africa), a generic term meaning Africans, Coloureds and Indians who are citizens of the Republic of South Africa by birth or descent; or who become citizens of the Republic of South Africa by naturalisation before 27 April 1994 or on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date.

(18) The Senior Leadership Team includes Presidents and Vice Presidents reporting to members of the South32 Lead Team and the Company Secretary.

(19) Includes all General Managers and Managers reporting to Vice President Operations including Functional Managers such as Human Resources, Finance and Supply, etc. (limited to one per function).

(20) Management roles are leaders with an identified job grading of 13 or higher based on the requirements of their role.

(21) 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 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.

(22) 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.

(23) FY23 downstream transportation and distribution has been restated from 0.9Mt CO2e to 0.4Mt CO2e following a review of the methodology used in this category.

(24) 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. FY24 realised prices for copper (US$3.86/lb), molybdenum (US$20.60/lb), gold (US$2,129/oz) and silver (US$24.8/oz) have been used for FY24, FY25e and FY26e. 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 and FY24 on page 5 and 25.

(25) 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. FY24 realised prices for zinc (US$2,230/t), lead (US$2,002/t) and silver (US$24.8/oz) have been used for FY24, FY25e and FY26e. 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 and FY24 on page 5 and 26.

(26) Refer to market release "Final Investment Approval to Develop Hermosa's Taylor Deposit" dated 15 February 2024.

(27) Exploration Results and Exploration Targets: The information in this announcement that relates to the Exploration Results and Targets for Taylor, Clark, Peake and Flux is extracted from the market release "Final investment approval to develop Hermosa's Taylor deposit" dated 15 February 2024. 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

(28) Subject to the Eagle Downs project reaching metallurgical coal production of 100,000 tonnes.

(29) Price-linked royalty calculated based on potential future metallurgical coal production and a metallurgical coal index price of at least US$170/t.

(30) Refer to market release "Worsley Alumina Approvals Update" dated 22 July 2024

(31) The Group's total adjusted cost base of US$6,018M for FY24 (FY23: US$6,142M) which excludes third party product costs.

(32) FY24 net distributions from our material equity accounted joint ventures comprises of dividends (+US$90M), initial funding (-US$30M) to Australia Manganese to support recovery plans, a net drawdown of shareholder loans (-US$34M) from manganese and a distribution (+US$27M) from Sierra Gorda. The distribution from Sierra Gorda comprised a repayment of US$27M of accrued interest.

(33) Refer to media release "Agreement to divest interest in Eagle Downs" dated 12 February 2024.

(34) 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.

(35) Underlying net finance costs and Underlying income tax expense are actual FY24 results, not year-on-year variances.

(36) 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), 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).

(37) 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.

(38) Underlying ETR is Underlying income tax expense, including royalty related tax, divided by Underlying profit subject to tax.

(39) 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%.

(40) Australia Manganese is subject to a royalty related tax equal to 20% of adjusted EBIT. 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. These royalties are included in Underlying tax expense.

(41) Net interest paid excludes distributions from material equity accounted investments.

(42) 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.

(43) Group payable copper equivalent production based on FY24 production guidance, calculated by applying FY23 realised prices for all operations.

(44) Refers to aluminium produced in a process that results in less than 4t CO_2-e Scope 1 and Scope 2 GHG emissions per tonne of aluminium.

(45) Production guidance for Hillside Aluminium and Mozal Aluminium does not assume any load-shedding impact on production.

(46) 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 56 and 59.

(47) FY25 Operating unit cost guidance includes royalties (where appropriate) and the influence of exchange rates, and includes various assumptions for FY25, including: an alumina price of US$480/t; a manganese ore price of US$7.80/dmtu for 44% manganese product; a nickel price of US$7.50/lb; a silver price of US$27.8/oz; a lead price of US$2,070/t (gross of treatment and refining charges); a zinc price of US$2,750/t (gross of treatment and refining charges); a copper price of US$4.40/lb (gross of treatment and refining charges); a molybdenum price of US$17.50/lb (gross of treatment and refining charges); a gold price of US$2,300/oz; an AUD:USD exchange rate of 0.65; a USD:ZAR exchange rate of 18.50; a USD:COP exchange rate of 4,100; USD:CLP exchange rate of 900; and a reference price for caustic soda; which reflect forward markets as at August 2024 or our internal expectations.

(48) FY24 Third party products and services sold comprise US$170M for aluminium, US$3M for alumina, US$79M for freight services, US$102M for raw materials and US$34M for manganese. Underlying EBIT on third party products and services comprise nil for aluminium, US$10M for alumina, US$(2)M for freight services, US$(1)M for raw materials and nil for manganese. FY23 Third party products and services sold comprise US$86M for aluminium, US$25M for alumina, US$106M for freight services, US$149M for raw materials and US$33M for manganese. Underlying EBIT on third party products and services comprise US$(1)M for aluminium, US$13M for alumina, US$(1)M for freight services, US$1M for raw materials and nil for manganese.

(49) Illawarra Metallurgical Coal's FY24 and restated FY23 underlying results include third party product and services. FY24 Third party products and services sold was US$237M and Underlying EBIT was US$28M. FY23 Third party products and services sold was US$140M and Underlying EBIT was US$11M.

(50) The information in this announcement that refers to production target and forecast financial information for MRN is based on Proved (8%) and Probable (1%) Ore Reserves and Measured (91%) Mineral Resources. The Mineral Resources and Ore Reserves underpinning the Production Target have been prepared by Competent Persons in accordance with the requirement of the JORC Code and is available to view in South32's FY24 annual report (www.south32.net) published on 29 August 2024. South32 confirms that all material assumptions underpinning the production target and forecast financial information derived from production target continues to apply and have not materially changed.

(51) Refers to lower levels of GHG emissions when compared to the current state. Where used in relation to South32's products or portfolio, it refers to enhancement of existing methods, practices and technologies to substantially lower the level of embodied GHG emissions as compared to the current state.

(52) Presented on a 100% basis.

(53) 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.

(54) Cerro Matoso realised nickel sales price is inclusive of by-products.

(55) 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.

(56) Manganese Australia FY24 average manganese content of external ore sales was 42.4% on a dry basis (FY23: 43.8%). 98% of FY24 external manganese ore sales (FY23: 96%) were completed on a CIF basis. FY24 realised FOB ore prices and Operating unit costs have been adjusted for freight and marketing costs of US$42M (FY23: US$62M), consistent with our FOB cost guidance.

(57) FOB Ore Operating unit cost is Underlying revenue less Underlying EBITDA, freight and marketing costs, divided by ore sales volume.

(58) Refer to media release "Agreement to divest Metalloys manganese alloy smelter" dated 13 June 2024.

(59) Manganese South Africa FY24 average manganese content of external ore sales was 38.8% on a dry basis (FY23: 39.1%). 89% of FY24 external manganese ore sales (FY23: 88%) were completed on a CIF basis. FY24 realised FOB ore prices and Operating unit costs have been adjusted for freight and marketing costs of US$58M (FY23: US$61M), consistent with our FOB cost guidance.

(60) Illawarra Metallurgical Coal revenue includes metallurgical coal and energy coal sales revenue.

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 (FY); calendar year (CY); 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).

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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Approved for release by Graham Kerr, Chief Executive Officer
JSE Sponsor: The Standard Bank of South Africa Limited
29 August 2024