



29 July 2024

South32 Limited
(Incorporated in Australia under the *Corporations Act 2001* (Cth))
(ACN 093 732 597)
ASX / LSE / JSE Share Code: S32; ADR: SOUHY
ISIN: AU000000S320
south32.net

ILLAWARRA METALLURGICAL COAL SALE UNCONDITIONAL

South32 Limited (ASX / LSE / JSE: S32; ADR: SOUHY) (South32) advises that all conditions precedent to the sale of Illawarra Metallurgical Coal (Transaction) to an entity owned by Golden Energy and Resources Pte Ltd and M Resources Pty Ltd (the Buyer)¹ have been satisfied.

Accordingly, the Transaction is unconditional and is expected to complete on or around 2 September 2024.

South32 Chief Executive Officer, Graham Kerr said: “The sale of Illawarra Metallurgical Coal is a significant milestone in the transformation of our portfolio towards commodities critical to a low-carbon future. The transaction will simplify our business, strengthen our balance sheet and reduce our capital intensity, unlocking capital to invest in our high-quality development projects in copper and zinc.

“Looking forward, our strategy and disciplined approach to capital allocation is unchanged. We remain focused on delivering our development projects and advancing our portfolio of earlier stage options to further increase our exposure to commodities critical to a low-carbon future and realise substantial value for our shareholders.

“I would like to thank our colleagues at Illawarra Metallurgical Coal for the contribution they have made to our business and wish them every success for the future.”

Further information

The Buyer will assume economic and operating control of Illawarra Metallurgical Coal on completion, including all current and future liabilities.

On completion, we will receive the upfront cash consideration of US\$1,050M², less the already paid deposit of US\$40M.

The deferred cash consideration of US\$250M, payable in 2030, and the contingent price-linked cash consideration of up to US\$350M³, will be recognised in our financial statements as a non-current other receivable and a non-current other financial asset, respectively.

The upfront cash consideration will be allocated in accordance with our capital management framework and commitment to an investment grade credit rating. Our capital management framework is designed to support investment in our business and deliver returns to shareholders in the most efficient and value accretive manner. Further detail will be provided with our FY24 financial results.

¹ Refer to market release “Sale of Illawarra Metallurgical Coal” dated 29 February 2024.

² Subject to customary working capital, net debt and capital expenditure adjustments.

³ The contingent price-linked cash consideration comprises 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.

About us

South32 is a globally diversified mining and metals company. Our purpose is to make a difference by developing natural resources, improving people's lives now and for generations to come. We are trusted by our owners and partners to realise the potential of their resources. We produce commodities including bauxite, alumina, aluminium, copper, silver, lead, zinc, nickel, metallurgical coal and manganese from our operations in Australia, Southern Africa and South America. We also have a portfolio of high-quality development projects and options, and exploration prospects, consistent with our strategy to reshape our portfolio toward commodities that are critical for a low-carbon future.

Investor Relations

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Further information on South32 can be found at www.south32.net.

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