



1 July 2026

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

AGREEMENT TO SELL ALUMINIUM VALUE CHAIN ASSETS TO ALCOA FOR UP TO US\$5.6B AND CHIEF EXECUTIVE OFFICER TRANSITION

Conference call at 8:00am Australian Western Standard Time, details overleaf.

South32 Limited (ASX / LSE / JSE: S32; ADR: SOUHY) (South32) has signed a binding conditional agreement (**Agreement**) to sell its aluminium value chain assets to Alcoa Corporation (**Alcoa**) (NYSE: AA; ASX: AAI) for an implied enterprise value of up to US\$5.6B (the **Transaction**). Alcoa will also assume related rehabilitation provisions of approximately US\$1.2B¹.

Alcoa will acquire South32's interests in Worsley Alumina (86%), Hillside Aluminium (100%), MRN bauxite mine (33%)², Brazil Alumina refinery (36%) and Brazil Aluminium smelter (40%) (together, the **Assets**), under the Transaction.

Mozal Aluminium is excluded from the Transaction and remains on care and maintenance, with divestment under active consideration.

The Transaction's implied enterprise value of up to US\$5.6B comprises:

- US\$3.1B in upfront cash consideration;
- US\$1.0B in Alcoa shares, in the form of ~17.0M Alcoa shares at the 10-day volume weighted average price³;
- ~US\$750M⁴ in net debt and lease liabilities to be assumed by Alcoa; and
- up to US\$750M⁵ in contingent cash consideration, linked to alumina and aluminium prices to 2030.

With effect from today, Matthew (Matt) Daley has commenced as Chief Executive Officer and Managing Director of South32. This marks the completion of our previously announced CEO transition plan. Mr. Graham Kerr stepped down as CEO and Managing Director on 30 June and will continue as a strategic advisor to support engagements related to the Transaction⁶.

Inaugural South32 Chief Executive Officer, Graham Kerr, said: *"This Transaction will unlock significant value for shareholders and repositions South32 as a leading upstream base metals focused company with high-margin assets and transformational growth."*

"The sale of our aluminium value chain assets to Alcoa for up to US\$5.6B will deliver significant upfront proceeds while retaining upside to commodity price strength through price-linked consideration. This Transaction sees us unlock and capture our share of material synergies from combining our respective alumina businesses in Western Australia."

South32 Chief Executive Officer, Matt Daley, said: *"Following completion, our portfolio will be focused on high-quality, long-life assets leveraged to attractive market fundamentals, with approximately 85% of pro-forma EBITDA from base and precious metals. From this strong platform, our peer leading, funded growth profile is expected to deliver approximately 55% production growth from our Taylor project and Sierra Gorda's fourth grinding line expansion. Our deep pipeline of copper and zinc growth options in study and exploration phases provide additional upside."*

¹ Based on Group closure and rehabilitation provisions as at 31 December 2025.

² Subject to exercise of pre-emptive rights held by MRN's partners.

³ Equating to ~6% of Alcoa's issued share capital. Alcoa shares to be delivered in the form of common stock and/or CDIs and a reference to 'Alcoa shares' in this announcement will mean that common stock and/or CDIs. VWAP calculated for the 10-trading-day period ending 26 June 2026.

⁴ Based on Group and MRN equity accounted balance sheet items as at 31 March 2026.

⁵ Price-linked consideration of up to US\$750M is applicable for four years from 1 July 2026 with no annual cap. For the aluminium Assets, it will be calculated as 22.5% of production multiplied by the LME aluminium price above the following price thresholds: CY26: US\$3,500/t, CY27: US\$2,825/t, CY28: US\$2,847/t, CY29: US\$2,870/t and CY30: US\$2,942/t. For the alumina Assets, it will be calculated as 22.5% of 67% of production multiplied by the alumina index price above the following thresholds: CY26: US\$345/t, CY27: US\$452/t, CY28: US\$456/t, CY29: US\$459/t and CY30: US\$471/t.

⁶ Mr. Kerr's terms and conditions of employment will remain the same during this period, aside from the change in role and title and he will not be eligible to receive a FY27 LTI.

“Our business will be simpler with a portfolio of higher margin upstream operations, reduced complexity and greater resilience. This will enable a leaner, lower-cost operating model that will deliver ongoing value through an anticipated US\$125M per annum reduction in overhead costs as new support structures are implemented.

“The Transaction further strengthens our balance sheet, enhancing our capacity to invest in high-returning growth projects and deliver shareholder returns. Following completion, an initial return of approximately US\$500M will be delivered to South32 shareholders through an in-specie distribution of half the equity consideration received, as a fully-franked special dividend. Additional shareholder returns will be considered following completion.

“Under Alcoa’s ownership, the Assets will be part of a global aluminium value chain business. Together with Alcoa, we are committed to working closely with our people, communities, government and other stakeholders to support a successful ownership transition.”

South32 Chair, Stephen Pearce, said: *“The sale of our aluminium value chain assets to Alcoa is a step change for South32 that accelerates the delivery of our strategy and supports sustainable growth over the long term. The Board is confident this Transaction will provide enduring value for shareholders.*

“With our CEO transition complete, I’d like to acknowledge the outstanding contribution Graham has made to South32 over more than a decade of service, and the way he has worked with Matt during the transition period. On behalf of the Board, I thank him for his leadership of our business.”

Transaction highlights

Premium value realised for our aluminium value chain

- Transaction’s implied enterprise value of up to US\$5.6B implies a through-the-cycle EBITDA multiple of ~6.8x⁷ and annual average free cash flow multiple of ~12.7x⁸

Unlocks and captures our share of value from material synergies from Western Australian alumina

- Premium valuation recognises the industrial logic and synergy benefits delivered by the Transaction
- Further value upside potential through Alcoa equity consideration

Creates an upstream base metals focused company with transformational growth

- Leveraged to structurally attractive commodities with ~85% of EBITDA⁹ from copper, zinc, silver and lead
- Projects in construction or approved for development are expected to grow our production volumes by ~55%¹⁰
- Life extension projects, development options and exploration offer further upside

Portfolio of high-quality upstream operations and growth options in favourable jurisdictions

- Retaining our highest margin operations with expansion and life extension options
- Portfolio value concentrated in tier one mining jurisdictions in Australia, Chile and USA
- Significantly improved sustainability profile with low GHG emissions exposure¹¹

A simplified business with lower overheads that will deliver ongoing value

- Simpler, focused portfolio enabling a leaner support model
- Expected overhead reduction of ~US\$125M per annum, with full benefits to be realised in FY29

Balance sheet capacity to deliver our most attractive opportunities

- Balance sheet flexibility to allocate capital into both high-returning growth projects and shareholder returns
- Alcoa to assume all debt and closure liabilities relating to the Assets
- Committed to continuing our disciplined allocation of capital to deliver our strategy and grow per share value

⁷ Based on average consolidated Underlying EBITDA of the Assets of ~US\$0.8B over the period FY21 to FY25.

⁸ Based on average consolidated free cash flow of the Assets of ~US\$0.4B over the period FY21 to FY25. Calculated as consolidated Underlying earnings plus depreciation and amortisation less capital expenditure.

⁹ Pro-forma based on H1 FY26 financial results and excludes the Assets, Mozal Aluminium (placed on care and maintenance on 15 March 2026), Cerro Matoso (divested on 1 December 2025) and general corporate costs.

¹⁰ Refers to production growth, compared to FY26e Group copper equivalent production guidance, from the Taylor deposit assuming annual average steady-state production per market release “Hermosa Project Update” dated 30 April 2026, and additional production from Sierra Gorda reflecting the fourth grinding line expansion assuming a ~25% increase in FY26e ore processed.

¹¹ Pro-forma operational GHG emissions would reduce by ~95% relative to FY25.

Transaction overview

South32 and Alcoa have signed a binding conditional agreement under which subsidiaries of Alcoa will acquire the South32 subsidiary companies that hold the Assets.

Transaction completion is subject to a “locked box” mechanism, under which Alcoa is entitled to the cash flow from the Assets from 1 April 2026. South32 will be paid a ticking fee equal to 5.0% per annum of the US\$3.1B cash consideration calculated from the date of South32 shareholder approval of the Transaction to completion, payable at completion.

Alcoa will assume all current and future liabilities of the Assets, with operating control transferred at completion.

The Transaction is expected to complete in H2 FY27, subject to satisfaction or waiver of conditions precedent.

Transaction conditions

Completion of the Transaction is subject to satisfaction (or waiver where permitted) of conditions precedent by 29 June 2027 (or an agreed later date), which include:

- South32 shareholder approval;
- Australian Foreign Investment Review Board approval;
- Australian Competition and Consumer Commission approval;
- Financial Surveillance Department of the South African Reserve Bank approval;
- Certain other international competition and regulatory approvals, including approval under the South African Competition Act; and
- Other customary conditions, including no material adverse change¹².

If a condition precedent has not been satisfied or waived by 29 June 2027 (or an agreed later date) either party may terminate the Agreement (or the sole party for whose benefit the condition exists may waive or terminate earlier). The parties have other limited termination rights under the Agreement.

The Transaction is not subject to any due diligence or financing conditions precedent.

To ensure that South32 shareholders are properly informed as to the terms of the Transaction, South32 will seek the approval of its shareholders, and intends to include an ordinary resolution on the Transaction in its items of business for its 2026 annual general meeting (**AGM**). In accordance with ASX Listing Rule 11 and Guidance Note 12, South32 sought and obtained from the ASX, confidential in-principle advice that ASX Listing Rule 11 is not likely to apply to the Transaction.

Prior to the AGM, South32 shareholders will receive additional information relating to the Transaction in the form of an explanatory memorandum attached to the Notice of AGM, which will also include an Independent Expert's Report opining on whether the Transaction is in the best interests of shareholders.

The Transaction is binding on South32 and, until the AGM (at which the Transaction vote will be put to shareholders), South32 must ensure that it does not solicit, initiate or encourage any alternative proposal that, if completed (i) would result in a person acquiring control of South32 or all or substantially all of the assets of South32 (where that transaction is conditional on the Transaction not completing) or (ii) would otherwise be inconsistent with completion of the Transaction. However, until the Transaction vote has been put to shareholders, South32 is permitted to take certain actions to consider unsolicited acquisition proposals for South32, which it reasonably believes is a superior proposal or could reasonably be expected to lead to one, provided South32 provides Alcoa with notice of the superior proposal and a limited matching right for a period of at least five business days.

South32 and Alcoa have agreed to a break fee/reverse break fee regime under which:

- South32 must pay a break fee (calculated on the upfront cash and scrip consideration) in certain limited agreed circumstances. In summary, a 1.0% break fee (US\$41M) is payable if: (i) the Agreement is terminated because South32 shareholders vote against the Transaction on or before 30 November 2026; or (ii) South32 terminates the Agreement because of a superior proposal; or (iii) the Transaction is terminated because South32 failed to agree to certain commitments in connection with South African regulatory approvals; or (iv) South32 materially breaches certain pre-completion obligations in relation to regulatory engagement and the Transaction cannot complete; and a

¹² In the Agreement, 'Material Adverse Change' is defined to capture (1) relevant event(s) at Worsley and Hillside that has, or is reasonably likely to have, the effect of a diminution in the net present value of Worsley and Hillside by at least US\$600M; or (2) relevant event(s) that has, or is reasonably likely to have, the effect (either individually or when aggregated) of reducing aluminium production at Hillside by an amount that is no less than 310kt over a continuous 12-month period when measured against the disclosed forecast production (for that 12-month period), subject to customary carve outs.

2.0% break fee (US\$82M) is payable if: (v) Alcoa terminates the Transaction because South32 fails to hold its shareholder vote on or before 30 November 2026 or, if it is held after that time, shareholders do not approve the Transaction.

- Alcoa must pay a reverse break fee of 2.0% of the upfront cash and scrip consideration of the Transaction (US\$82M) in certain limited agreed circumstances. In summary, the reverse break fee is payable if: (i) the Transaction is terminated because of a failure to satisfy certain regulatory approval required to implement the Transactions; or (ii) Alcoa materially breaches certain pre-completion obligations in relation to regulatory engagement and the Transaction cannot complete.

South32 has agreed to provide certain non-compete provisions in favour of Alcoa relating to the global aluminium value chain industry for up to two years following completion.

South32 and Alcoa have also executed a Transitional Services Agreement, under which South32 will provide certain transition services with respect to the Assets for up to 18 months following completion. These services will be provided by South32 on a cost recoverable basis.

Board of Directors recommendation

The South32 Directors unanimously recommend that South32 shareholders vote in favour of the Transaction, in the absence of a superior proposal and subject to an independent expert concluding in the Independent Expert's Report (and continuing to conclude) that the Transaction is in the best interests of South32 shareholders. Subject to those same qualifications, each member of the South32 Board intends to vote, or cause to be voted, all South32 shares held or controlled by them in favour of the Transaction.

Accounting and tax

The Assets will continue to be reported in South32's Group underlying financial results until completion.

South32's cash tax liability in relation to the upfront consideration is expected to be ~US\$50M.

Shareholder returns

Until completion, earnings from the Assets will form part of South32's Underlying earnings and accordingly the calculation of dividends under our policy to distribute a minimum 40% of Underlying earnings as ordinary dividends.

Following completion, South32 will distribute half of the Alcoa shares received as upfront equity consideration to South32 shareholders in the form of an in-specie fully-franked special dividend. This represents an initial return to shareholders of ~US\$500M based on the current market value of Alcoa shares. Eligible shareholders will receive franking credits as additional value in respect of this distribution. Consistent with the obligations of the parties under the Agreement, the Alcoa shares will be issued without restriction on on-sale and will be freely tradeable in the hands of South32 shareholders.

South32 will provide further information regarding the remaining Alcoa shares to be received as equity consideration in due course. These shares will not be subject to any minimum holding period and can be distributed in an orderly manner.

In relation to the proposed distribution of Alcoa shares, South32 intends to establish a share sale facility for ineligible overseas shareholders and small South32 shareholders (other than those who elect to receive Alcoa shares instead). Further details of the distribution will be included in the explanatory memorandum.

Conference call

South32 will hold a conference call at 8.00am Australian Western Standard Time (10:00am Australian Eastern Standard Time) on 1 July 2026 to provide an overview of the Transaction including Q&A, the details of which are as follows:

Conference ID:

Please pre-register for this call at [link](#).

Website

A replay of the conference call will be made available on the South32 website.

For personal use only

Advisers

BofA Securities and UBS Securities Australia Ltd are acting as financial advisers, and Mallesons are acting as lead legal adviser to South32.

Flagstaff Partners is acting as independent adviser to the South32 Board.

Forward-looking statements

This release contains forward-looking statements, including statements about trends in commodity prices and currency exchange rates; demand for commodities; production forecasts; plans, strategies and objectives of management; capital costs and scheduling; operating costs; anticipated productive lives of projects, mines and facilities; and provisions and contingent liabilities. These forward-looking statements reflect expectations at the date of this release, however they are not guarantees or predictions of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release. Readers are cautioned not to put undue reliance on forward-looking statements. Except as required by applicable laws or regulations, the South32 Group does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance. South32 cautions against reliance on any forward-looking statements or guidance.

About us

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 minerals and metals critical to the world's energy transition from operations across the Americas, Australia and Southern Africa and we are discovering and responsibly developing our next generation of mines. We aspire to leave a positive legacy and build meaningful relationships with our partners and communities to create brighter futures together.

Investor Relations

Ben Baker

T +61 8 9324 9363

M +61 403 763 086

E Ben.Baker@south32.net

Media Relations

Jamie Macdonald

T +61 8 9324 9000

M +61 408 925 140

E Jamie.Macdonald@south32.net

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

This announcement contains Inside Information.

Approved for release to the market by Matthew Daley, Chief Executive Officer
JSE Sponsor: The Standard Bank of South Africa Limited
1 July 2026