



MEDIA RELEASE

FOR IMMEDIATE RELEASE

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SOUTH32 ANNOUNCES HISTORIC \$2.16 BILLION INVESTMENT IN SOUTHERN ARIZONA HERMOSA PROJECT

South32's Hermosa project, currently the only advanced mining project in the United States capable of producing two federally designated critical minerals – zinc and manganese, today received Board approval of \$2.16 billion in funding to develop the zinc-lead-silver deposit at its Southern Arizona project site.

South32's announcement of the approval represents the largest private investment in Southern Arizona's history, and the largest investment in the local Santa Cruz County economy to date by a factor of nearly nine times.

The first critical minerals mining project added to the United States' FAST-41 permitting process, South32's Hermosa project has the potential to be one of the world's largest zinc producers. It aims to put Arizona in the driver's seat of the clean energy race, supplying a critical mineral needed for the expansion of renewable energy and associated infrastructure.

"Today's investment decision represents a major milestone for our business and aligns with our strategy to reshape our portfolio toward commodities critical to a low-carbon future," said South32 Chief Executive Officer, Graham Kerr. "Development of the zinc deposit is the first phase of a regional scale opportunity at Hermosa, with ongoing activities to unlock additional value from the manganese deposit."

"With the largest private investment in Southern Arizona's history, South32's Hermosa project will strengthen the domestic supply of critical minerals needed for clean energy technologies and national defense, reducing America's reliance on foreign countries and transforming the local economy," said Hermosa project President Pat Risner. "It's a win for Arizona and the nation."

With a surface footprint of just over 600 acres and projected to use approximately 75 percent less water than other mines in the region, the operation has been designed to minimize its environmental impact. Additionally, the Hermosa project is embracing sustainability and advanced technology in its next-generation, underground mine design, utilizing automation and technology to drive efficiencies and lower our operational greenhouse gas emissions.

South32's investment will fund construction of a host of key infrastructure projects needed to implement that design, including water management systems, power, site facilities, underground shaft sinking, initial underground development and other work required to begin operations around the zinc deposit.

Once completed, this infrastructure would support future potential development of other deposits at the site, including the battery-grade manganese deposit.

Unlocking new opportunities for Southern Arizona

Used in renewable energy battery storage, wind turbines and electric vehicles, zinc is a key component in the process to galvanize steel needed for infrastructure projects like roads and bridges. Global zinc demand growth is expected to outpace production by approximately 3 million tonnes to 2031.ⁱ

Only 6% of zinc is currently produced in the United States and that total is forecasted to drop by 2030.ⁱⁱ Citing its importance for national security and economic growth, the U.S. government designated zinc a critical mineral in 2021.

The feasibility study for Hermosa's zinc-lead-silver deposit showed an expected initial operating life for the mine of approximately 28 yearsⁱⁱⁱ with potential for further exploration upside.

Development of the zinc-lead-silver deposit is aligned to South32's purpose to improve people's lives now and for generations to come by supporting jobs in a community where unemployment is double the state average and a quarter of residents live below the poverty line.

Once in operation, the Hermosa project across its separate zinc and manganese deposits would help transform and grow the local economy and could create up to 900 good-paying jobs and support investment in the community, if both deposits move forward as proposed. At peak operation, that includes:

- Developing a homegrown workforce with the next-generation skills needed to operate the Hermosa project. The Hermosa project has an 80 percent local workforce goal, with the vast majority of employees living and working in Santa Cruz County to ensure downstream economic benefits for the entire region.
- Supporting another 1,600 indirect and induced jobs across Santa Cruz County and 3,100 indirect and induced jobs statewide.
- Adding \$1.4 billion to Arizona's economy annually with \$999 million going directly into Santa Cruz County's economy. Hermosa-related economic activity is expected to nearly double Santa Cruz County's property tax base, providing funding for public schools, services, and community college.



More information on the above and other economic impact of Hermosa's zinc-silver-lead deposit can be found in an economic impact study available [here](#).

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About the South32 Hermosa project

Located in a historic mining district in the Patagonia Mountains of Southern Arizona, South32's Hermosa project is currently the only advanced mine development project in the United States that could produce two federally designated critical minerals—manganese and zinc—both of which are essential minerals for powering the nation's clean energy future.

Hermosa is a polymetallic development comprised of a zinc-lead-silver sulfide deposit, a battery-grade manganese deposit and an extensive, highly prospective land package with the potential for further polymetallic and copper mineralization.

Learn more at www.south32hermosa.com.

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ⁱ Based on the Wood Mackenzie Global Investment Horizon Outlook (Quarter 4 2023 Dataset)

ⁱⁱ Wood Mackenzie, 2021

ⁱⁱⁱ The information in this media release that relates to the Production Target for the zinc-lead-silver deposit is based on 61% Probable Ore Reserves (65Mt), 1% Measured (1.1Mt), 5% Indicated (4.7Mt), 9% Inferred Mineral Resources (10Mt) and 24% Exploration Target (26Mt) was originally disclosed in Australian Securities Exchange (ASX) announcement titled "Final Investment Approval to develop Hermosa's Taylor deposit" dated 15 February 2024. The Ore Reserves, Mineral Resources and Exploration Target underpinning the Production Target have been prepared by Competent Persons and reported in accordance with the JORC Code. The Mineral Resources estimates was reported in South32's FY23 Annual Report published on 8 September 2023. The Ore Reserve estimate and Exploration target is available in "Final Investment Approval to develop Hermosa's Taylor deposit" dated 15 February 2024. Both ASX announcements are available to view in www.south32.net. There is low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target will be realized. The potential quantity and grade of the Exploration Target is conceptual in nature. In respect of Exploration Target used in the Production Target, there has been insufficient exploration to determine a Mineral Resource and there is no certainty that further exploration work will result in the determination of Mineral Resources or that the Production Target itself will be realized. The stated Production Target is based on South32's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met. South32 confirms that inclusion of 33% of tonnage (9% Inferred Mineral Resources and 24% Exploration Target) is not the determining factor of the project viability and the project forecasts a positive financial performance when using 67% tonnage (61% Probable Ore Reserves and 1% Measured and 5% Indicated Mineral Resources). South32 is satisfied, therefore, that the use of Inferred Mineral Resources and Exploration Target in the Production Target and forecast financial information reporting is reasonable. All material assumptions underpinning the production target and forecast financial information derived from the production target in the initial public report continue to apply and have not materially changed. The stated Production Target is based on South32's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.