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## **South32 Hermosa Project Notified of \$166M U.S. Department of Energy Battery Materials Development Grant**

### ***Award will support the development of a state-of-the-art, commercial-scale manganese production facility***

South32's Hermosa project – an advanced mining project in the United States capable of producing two federally designated critical minerals, zinc and manganese – announced today that the Department of Energy (DOE) has selected the project for a \$166 million award negotiation from its Battery Materials Processing and Battery Manufacturing program.

While the development of the facility and manganese deposit at Hermosa is subject to further study, it represents a significant opportunity to establish a North American supply chain of battery-grade manganese in line with market development. On a cost-share basis and subject to final negotiation, the DOE will provide 30 per cent of the cost of the manganese production facility, up to the grant award of US\$166M.

Originally funded as part of the Bipartisan Infrastructure Law, the grant is part of a larger DOE announcement of \$3 billion for projects across the United States that are working to ensure the nation has a viable domestic battery materials supply chain for electric vehicles (EVs) and other energy storage technologies.

“The DOE grant will help advance development of our state-of-the-art, commercial scale battery-grade manganese production facility. This project has the potential to provide a reliable, lower carbon and cost-effective domestic option for manganese products within the electric vehicle battery supply chain that currently relies entirely on foreign imports,” said Pat Risner, President of South32 Hermosa.

There has been no manganese ore mining in the United States since the 1970s, and more than 95 percent of the current production of battery-grade manganese is currently in China. Hermosa could be scaled up as the only fully integrated source of battery-grade manganese [HPMSM] for EV battery chemistries sufficient to supply the emerging North American market. Based on a third-party life cycle assessment, South32's production from its deposit at Hermosa is projected to be the lowest carbon impact project in manganese chemicals in North America.

As part of meeting future demand, South32 is engaging potential customers to advance product qualifications for battery manufacturing, including potential agreements for future supply which follow from already signed non-binding Memorandums of Understanding, and continuing discussions with more than a dozen additional potential customers. This includes sharing samples from an initial pilot plant phase where we have consistently met product quality thresholds, and where technical discussions with potential customers will assist in the next phase of development. Our sustainability credentials, product quality and fully integrated local source of ore allow for domestic production that we expect would be cost competitive.

South32 will invest more than \$30 million in workforce development, prioritization of local procurement, support for community organizations, and tribal engagement and education efforts. This is part of the \$2.16 billion investment, the largest in Southern Arizona's history, announced by the company in February to develop its zinc deposit and related infrastructure at Hermosa.

“This grant highlights how important Hermosa and Santa Cruz County are to boosting America’s energy security in a way that creates economic opportunities across southern Arizona,” added Risner. “Hermosa’s planned, state-of-the-art manganese production facility can help us safely onshore development of a critical mineral.”

The funding follows a \$20 million award to the Hermosa project earlier this year from the Department of Defense’s Defense Production Act Investment (DPAI) Program to help accelerate the domestic production of battery-grade manganese.

### **State-of-the-Art Manganese Production Facility**

Because South32 has the opportunity to build Hermosa from scratch, we are using state-of-the-art technology and industry best practices to enhance safety for employees and the surrounding community, which will include establishing a baseline assessment of existing community exposure.

An exact location for the facility has not yet been determined, but will be in southern Arizona, and timing and progress towards the facility’s potential development will be determined by the evolution of North American market demands. Development is expected to be phased over the coming years.

Construction for the manganese decline to enable bulk sampling through a demonstration plant and further underground exploration continues on schedule, with access scheduled for the end of 2025.

South32’s purpose is to make a difference by developing natural resources, improving people’s lives now and for generations to come. Development of the manganese deposit and production facility will, in addition to South32’s existing investment in the Hermosa zinc development, help support jobs in a community where unemployment is double the state average and a quarter of residents live below the poverty line.

To enable benefits of the Hermosa project to flow to the local community, we have committed that 80% of our operational workforce, during peak operations, will be residents already living in the county. Once fully operational, the Hermosa project will help transform and grow the local economy and could create up to 900 good-paying jobs and support investment in the community.

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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. Learn more at [www.south32hermosa.com](http://www.south32hermosa.com).

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.

### **About South32**

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 realize the potential of their resources. We produce commodities including bauxite, alumina, aluminum, copper, zinc, lead, silver, nickel 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 towards commodities critical for a low-carbon future.

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