



16 May 2017

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

BANK OF AMERICA MERRILL LYNCH GLOBAL METALS, MINING & STEEL CONFERENCE PRESENTATION 2017

South32 Limited Chief Executive Officer, Graham Kerr, will present at the Bank of America Merrill Lynch Global Metals, Mining & Steel Conference, in Barcelona, Spain today.

The presentation is attached and will also be available on South32 Limited's website at: <https://www.south32.net/investors-media/reports-and-presentations>.

About South32

South32 is a globally diversified mining and metals company with high quality operations in Australia, Southern Africa and South America. 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 have a simple strategy to maximise the potential of our assets and shareholder returns by optimising our existing operations, unlocking their potential and identifying new opportunities to compete for capital.

Forward-looking statements

This release contains forward-looking statements, including statements about production forecasts. 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, South32 Limited 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.

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

JSE Sponsor: UBS South Africa (Pty) Ltd
16 May 2017



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THIS PRESENTATION SHOULD BE READ IN CONJUNCTION WITH THE “FINANCIAL RESULTS AND OUTLOOK – HALF YEAR ENDED 31 DECEMBER 2016” ANNOUNCEMENT RELEASED ON 16 FEBRUARY 2017, WHICH IS AVAILABLE ON SOUTH32’S WEBSITE (WWW.SOUTH32.NET).

FORWARD LOOKING STATEMENTS

This presentation 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 presentation, 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 this presentation. 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. The denotation (e) refers to an estimate or forecast year.

NON-IFRS FINANCIAL INFORMATION

This presentation includes certain non-IFRS financial measures, including underlying earnings, Underlying EBIT and Underlying EBITDA, Underlying basic 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 presentation 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.

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Any information contained in this presentation that has been derived from publicly available sources (or views based on such information) has not been independently verified. The South32 Group does not make any representation or warranty about the accuracy, completeness or reliability of the information. This presentation should not be relied upon as a recommendation or forecast 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.

MINERAL RESOURCES AND ORE RESERVES

The information that relates to the Mineral Resource and Ore Reserve estimates of Worsley Alumina, Illawarra Metallurgical Coal, Cannington, South Africa Energy Coal, Australia Manganese, South Africa Manganese, Cerro Matoso and Brazil Alumina was declared as part of South32's Annual Resource and Reserve declaration in the FY16 Annual Report (www.south32.net). South32 confirms that it is not aware of any new information or data that materially affects the information included in the original announcement. All material assumptions and technical parameters underpinning the estimates and Reserve Life and Resource Life in the relevant market announcement continue to apply and have not materially changed. South32 confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Reserve life is calculated based on the current stated Ore Reserves divided by the current approved nominated production rate as at the end of FY16. Reserve life information is based on the previously disclosed FY16 annual Resource and Reserve statement (pg. 73-84 of the South32 Annual Report 2016).

Resource life is estimated from the FY16 Classified Mineral or Coal Resources (as applicable), and as provided in the FY16 annual Resource and Reserve statement, converted to a run-of-mine basis using historical Mineral or Coal Resources (as applicable) to Ore Reserves conversion factors, divided by the nominated run-of-mine production rate on a 100 per cent basis. Resource life calculations are indicative only and do not necessarily reflect future uncertainties such as economic conditions, technical or permitting issues. Historical Mineral or Coal Resources to Ore Reserves conversion factors may not be indicative of future conversion factors. Resource Life is based on the company's' current expectations of future results and should not be solely relied upon by investors when making investment decisions. There is a low level of geological confidence associated with Inferred Mineral resources and there is no certainty that further exploration will result in the determination of indicated resources.

Weighted average individual operations Mineral or Coal Resources (as applicable) to Ore or Coal Reserves conversion factors and run-of-mine tonnages are as follows:

Worsley Alumina: 0.85, 17.4Mt; Illawarra Metallurgical Coal: Bulli 0.38, 6.9Mt, Wongawilli 0.34, 4.8Mt; Cannington: 0.32, 3.3Mt; South Africa Energy Coal: Khutala 0.36, 5.26Mt, Klipspruit 0.89, 7.7Mt, Wolvekrans-Middelburg Complex (WMC) 0.86, 20Mt, Australia Manganese: 0.71, 8.8Mt; South Africa Manganese: Mamatwan: 0.72, 3.5Mt, Wessels: 0.6, 0.9Mt; Cerro Matoso: 0.35, 3.2Mt and Brazil Alumina: 0.99, 17.75Mt.

For Brazil Alumina, South32 is not aware of any new information or data that materially affects the information included in the announcements mentioned above and, in the case of estimates of Mineral Resources or Ore Reserves, all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. In addition, the form and context in which the Competent Persons' findings are presented have not been materially modified.

Competent Persons for Worsley Alumina (G Burnham, AusIMM), Illawarra Metallurgical Coal (M Rose, AusIMM), Cannington (T Curytko, AusIMM and M Readford, AusIMM(CP)), South Africa Energy Coal (P Mulder, SAIMM), Australia Manganese (U Sandilands, AusIMM) and Cerro Matoso (I Espitia, AusIMM) have reviewed and revised the historical conversion rates and production rates for the operations and revised the information inline with this new information and consent to their publication in the form and context in which it appears.

**Operations focused on
safety, volume, costs
and capital**

**Reset costs and
sustaining capital**

**Unlocked internal
options for value**

**Increased
shareholder returns**

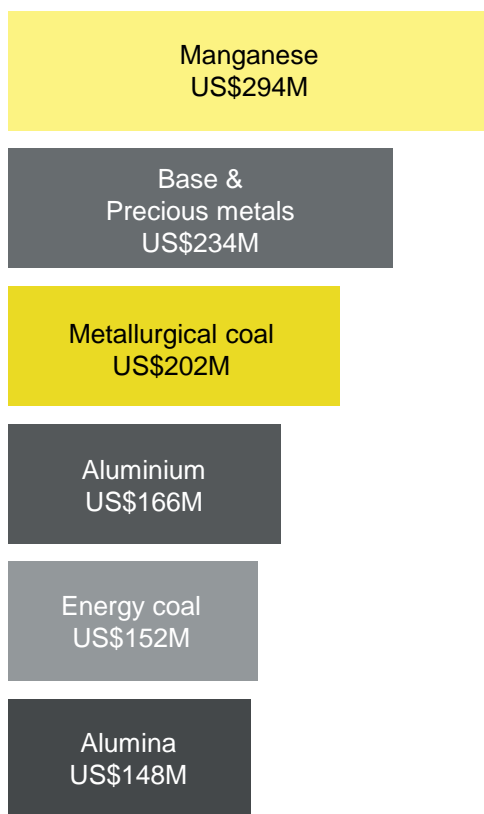
**Creating
future options**

**Maintaining
financial discipline**

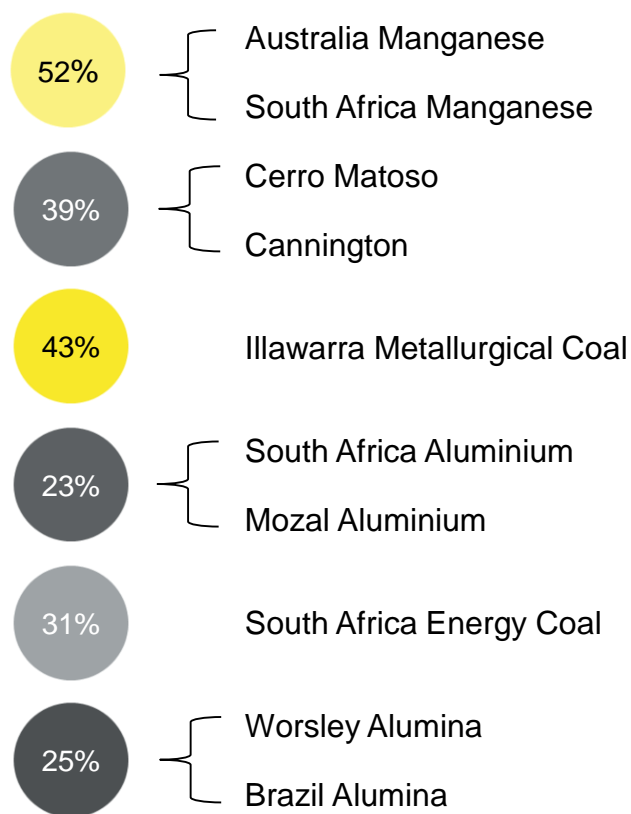
OUR OPERATIONS



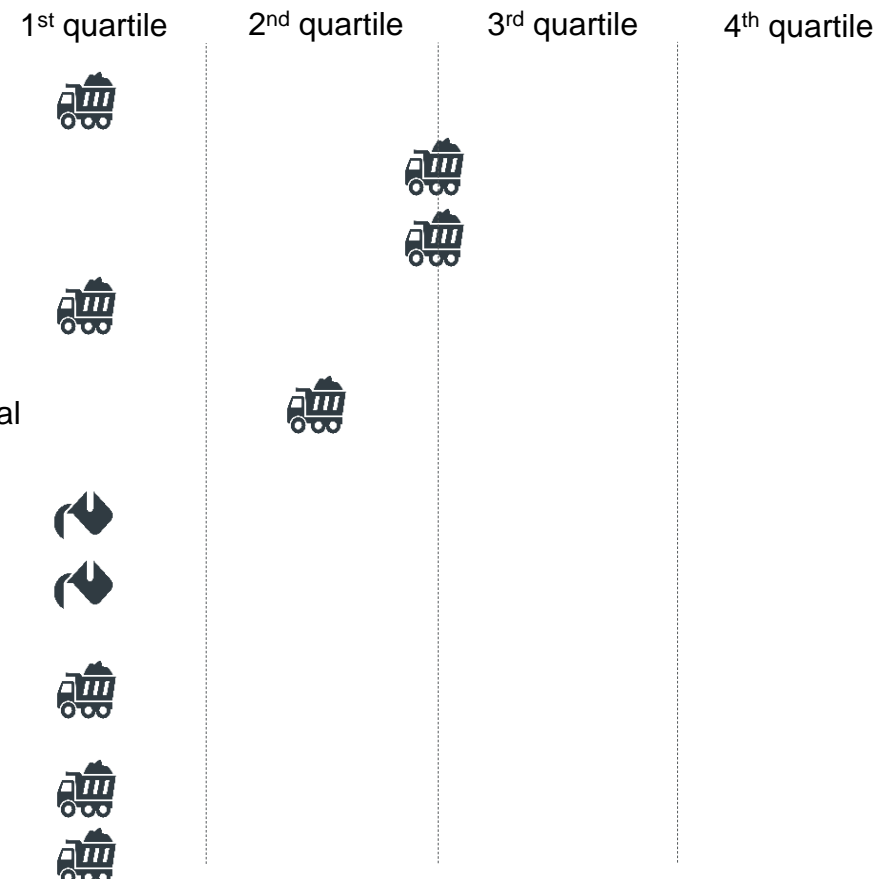
H1 FY17 Underlying EBITDA¹ by commodity



Operating Margin²



CY17 cost curve position by operation³



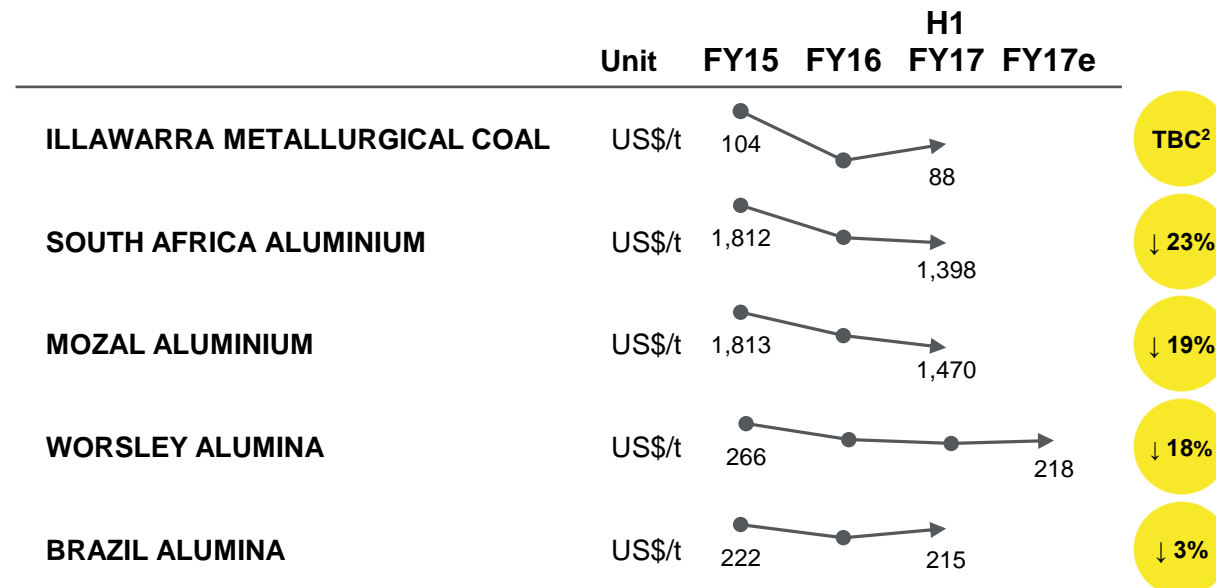
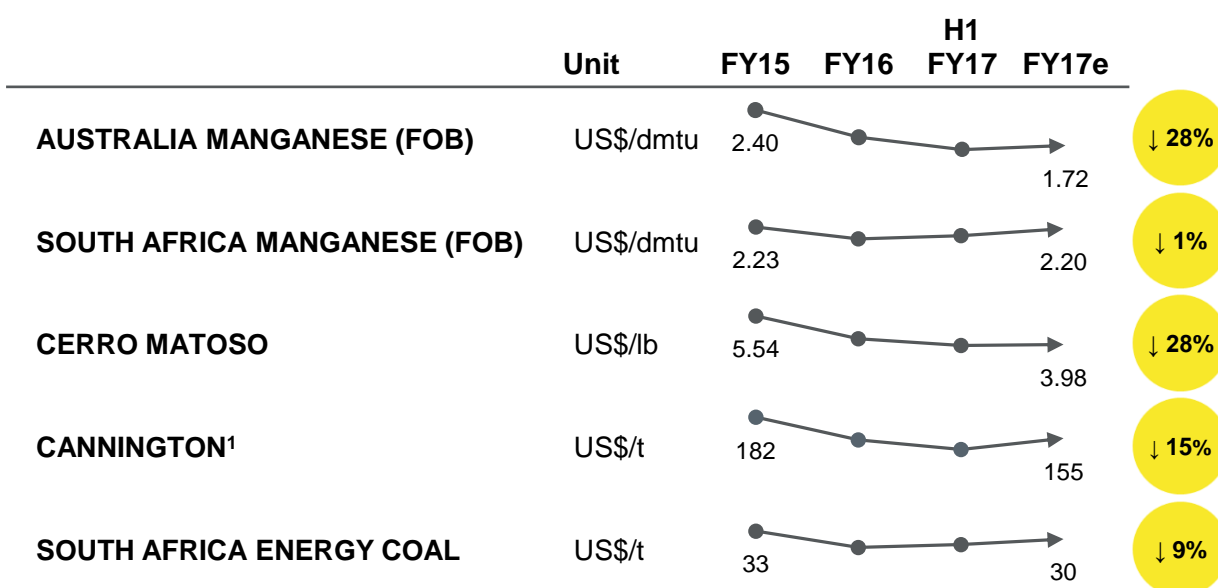
Notes:

- Manganese EBITDA includes manganese ore and manganese alloy from Australia Manganese and South Africa Manganese. Metallurgical coal EBITDA includes energy coal from Illawarra Metallurgical Coal. Base and Precious metals EBITDA includes nickel from Cerro Matoso and silver, lead and zinc from Cannington. Alumina EBIT includes Worsley Alumina and Brazil Alumina.
- Operating Margin shows Underlying EBITDA margin by commodity group for H1 FY17, excluding third party products.
- Manganese, aluminium and alumina sourced from CRU based on CY17 production and operating cash costs, overlaying with South32 asset unit cost for H1 FY17. Cost curve for Cannington based on CRU CY17 production and cash cost curves for lead and zinc. Cost curve for nickel, metallurgical coal and energy coal sourced from Wood Mackenzie using CY17 production and C1 cash costs.

OPTIMISING PERFORMANCE



Operating unit costs, including Sustaining capital expenditure



Achieved to date

Restructured and reset the cost base

- Reduced controllable costs and capex by US\$692M in FY16
- Implemented regional model
- Right sized teams and functional support

Next phase of opportunity

Focused execution

- To deliver consistent production performance
- Enabled by our Care Strategy: develop an inclusive culture, where work is well designed and we continuously improve
- Use technology and innovation as a key enabler to enhance safety and productivity

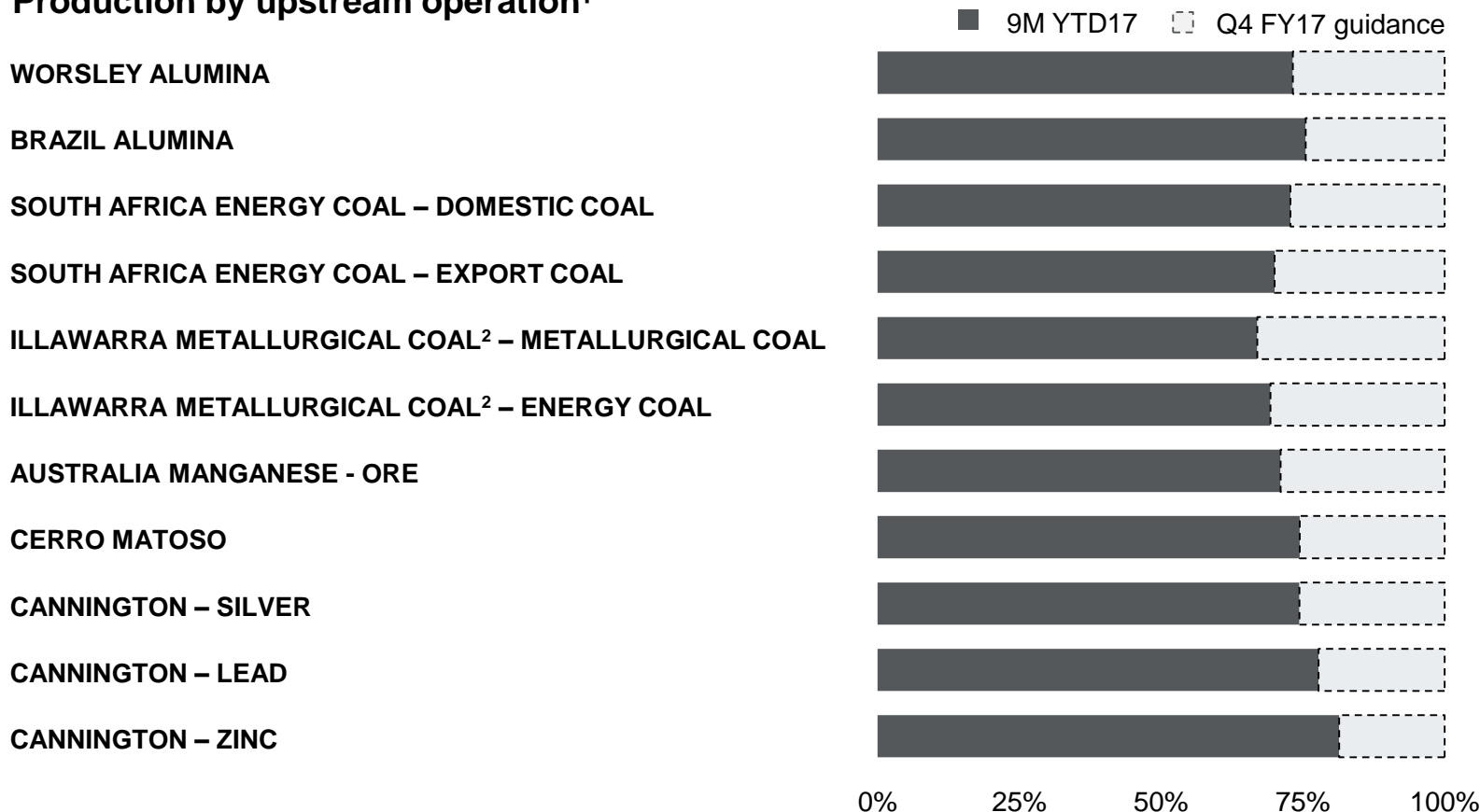
Notes:

1. Shows US dollar per tonne of ore processed. Periodic movements in finished inventory may impact operating unit cost as related marketing costs and treatment and refining charges may change.
2. Illawarra Metallurgical Coal FY17 unit cost guidance to be updated following the 10 May 2017 ASX, JSE & LSE announcement.
3. FY17e Operating unit cost guidance, including Sustaining capital expenditure, and Sustaining capital expenditure guidance, include royalties (where appropriate) and the influence of exchange rates, and are predicated on various assumptions for H2 FY17, including: an alumina price of US\$316/t; an average blended coal price of US\$146/t for Illawarra Metallurgical Coal; a manganese ore price of US\$6.79/dmtu for 44% manganese product; a nickel price of US\$4.65/lb; a thermal coal price of US\$84/t (API4) for South Africa Energy Coal; a silver price of US\$17.04/troy oz; a lead price of US\$2,267/t; a zinc price of US\$2,746/t; an AUD:USD exchange rate of 0.75; a USD:ZAR exchange rate of 14.20; and a USD:COP exchange rate of 2,943; all of which reflected forward markets as at January 2017 or our internal expectations.

FY17 PRODUCTION PERFORMANCE



Production by upstream operation¹



Notes:
 1. South32 share. Production guidance not provided for our Aluminium Smelters and South Africa Manganese ore, which remains subject to market demand.
 2. Illawarra Metallurgical Coal FY17 production guidance to be updated following the 10 May 2017 ASX, JSE & LSE announcement. Based on prior guidance of 7.9Mtpa.
 3. Annualised rate of 3.8Mwmt achieved during the March 2017 Quarter

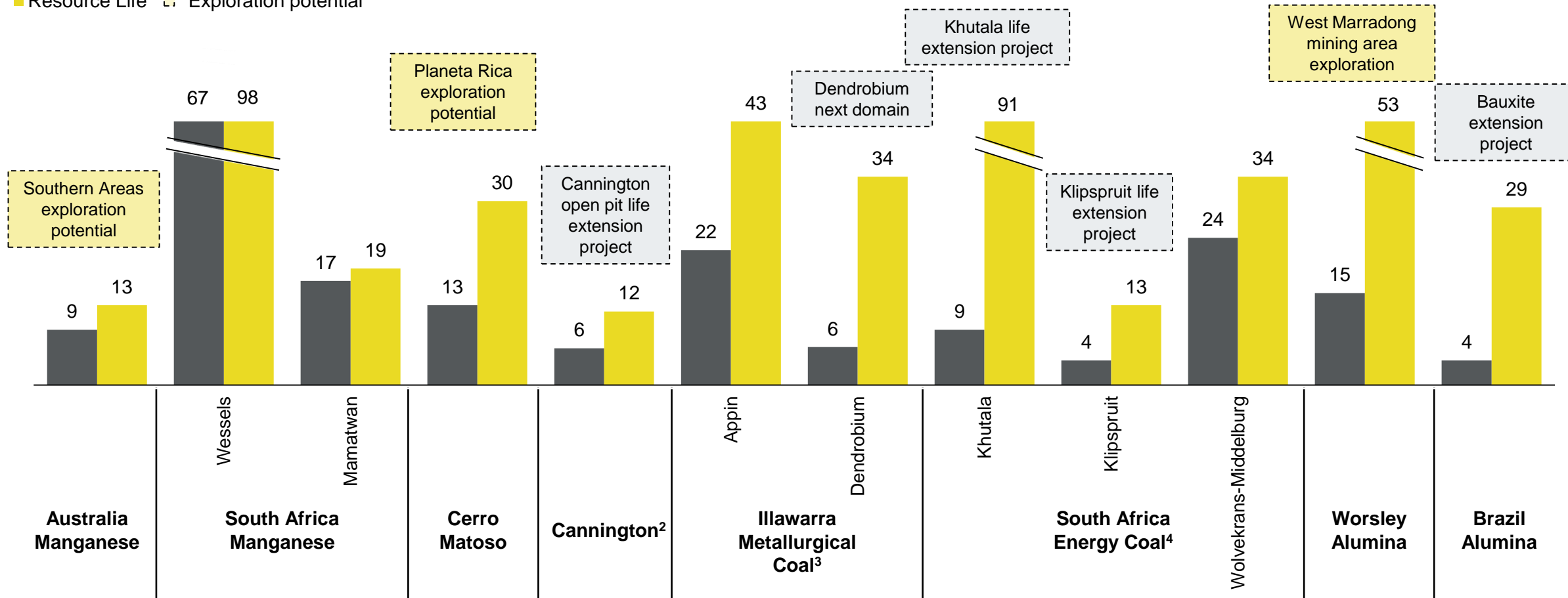
Investing in our operations

- Nearing completion of the first panel at Illawarra Metallurgical Coal's Appin Area 9
- Delivered first ore from the higher grade La Esmeralda deposit at Cerro Matoso
- Completed Premium Concentrate Ore project ramp-up at Australia Manganese
- Commissioned Wessels Central Block and increased ore production³ at South Africa Manganese in response to market conditions
- Developing new mining areas at South Africa Energy Coal
- Maintained benchmark levels of operating efficiency at our Aluminium smelters

RESERVE AND RESOURCE LIFE



- Reserve Life
- ▨ Project in study phase
- Resource Life
- ▨ Exploration potential



Notes:

- Resource and Reserve Life calculations are based on the previously disclosed FY16 Annual Resource and Reserve Statement (pg. 73-84 of the South32 Annual Report 2016) which has been prepared by Competent Persons in accordance with the requirements of the JORC Code (2012). Resource conversion factors and run-of-mine production assumptions are shown in slide 2 – Important Notices.
- Cannington underground Reserve life is 6.5 years based on the nominal production rate. Open cut Reserve life of 5 years is estimated at a resource to reserve conversion rate of 0.8.
- Dendrobium next domain project is based on exploration target. The potential quantity and grade is conceptual in nature, 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. Appin colliery Reserve and Resource refers to Bulli coal seam, Dendrobium colliery Reserve and Resource refers to Wongawilli coal seam.
- Khutala Coal Resource life is inclusive of undeveloped domains; Klipspruit Coal Resource life do not include Weltevreden Resources.

IDENTIFYING NEW OPPORTUNITIES



Focused opportunity set that is continually assessed

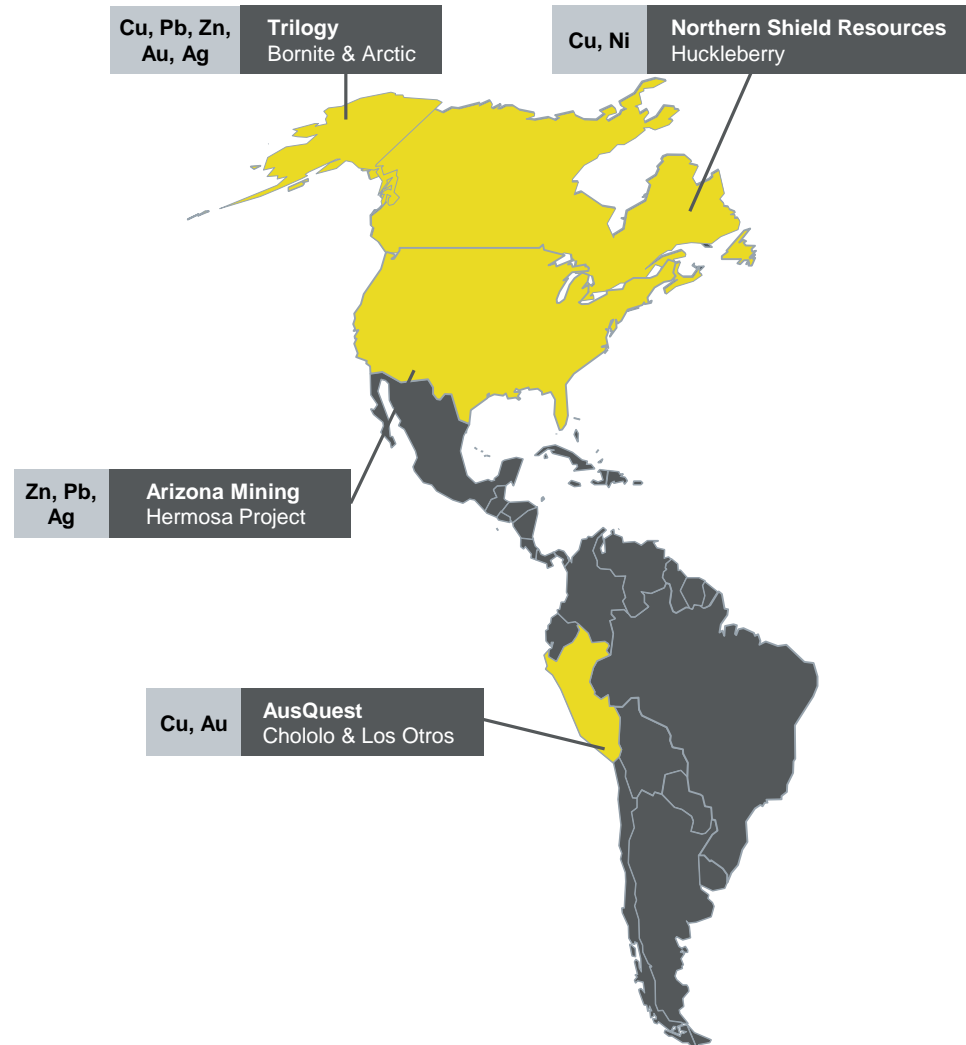
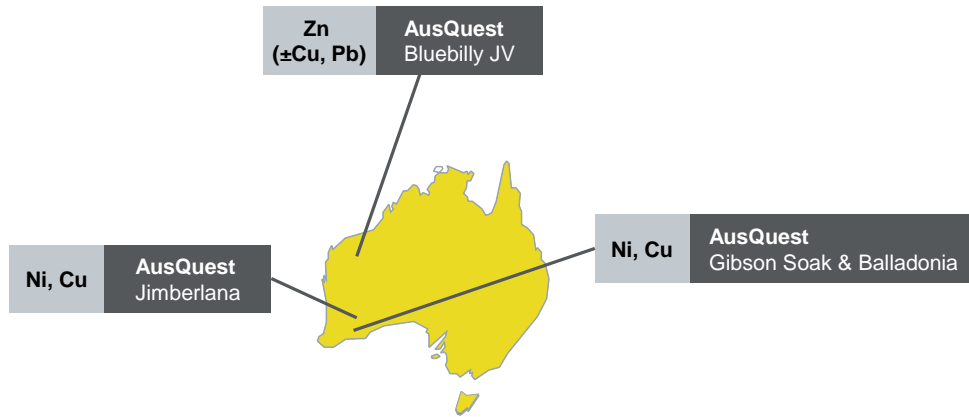
Greenfield exploration offers attractive risk/reward potential

Partnerships with juniors provides access to attractive opportunities and reduces technical and operating exploration risk

Multi-year field programs to test upside resource potential

Advance suitable projects to development and seek partners where required

Exploration spend of ~US\$30M¹ expected in FY17 across our portfolio



Notes:

1. Excludes C\$110.3M purchase of Arizona Mining shares.

IDENTIFYING NEW OPPORTUNITIES



Concept

Resource Drilling

Feasibility

AusQuest Strategic Alliance¹

Zn (±Cu,Pb)	Bluebilly JV
Ni, Cu	Jimberlana
Ni, Cu	Gibson Soak & Balladonia
Cu, Au	Chololo & Los Otros

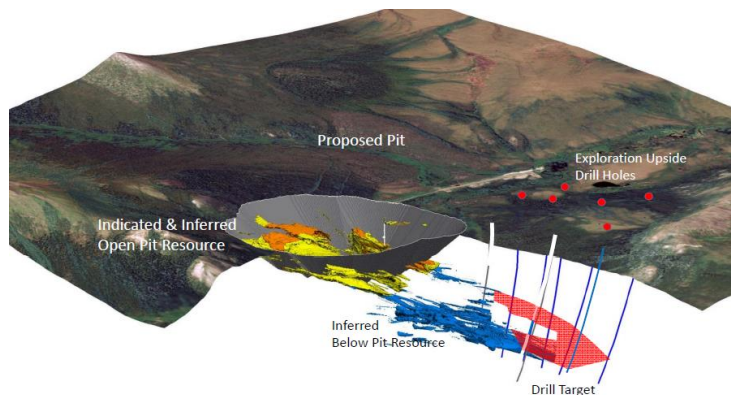
Northern Shield Option Agreement¹

Cu, Ni, PGE	Huckleberry
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Trilogy Metals Option Agreement

Cu, Pb, Zn Au, Ag	Bornite & Arctic
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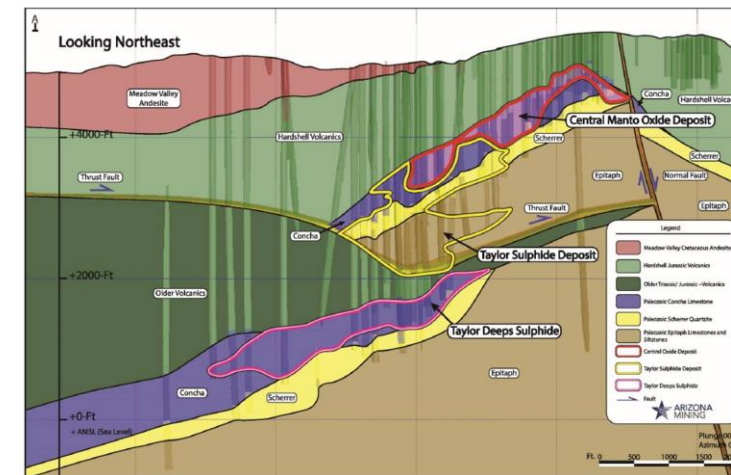
- Polymetallic district in Alaska at relatively early stage of exploration
- 3.8Mt contained Cu in Mineral Resource² (Arctic 40Mt @ 2.95% Cu, Bornite Open Pit 125Mt @ 0.97% Cu, Bornite below pit 58Mt @ 2.9% Cu)
- South32 will fund US\$30M over 3 years, subject to exploration results
- Drilling this season to test extension of known mineralisation
- Option to form 50-50 Joint Venture



Arizona Mining Strategic Investment

Zn, Pb, Ag	Hermosa Project
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- Binding agreement³ to invest C\$110M for 15% ownership in Arizona Mining
- Hermosa Project in Arizona with underground Taylor sulphide deposit
- Current Mineral Resource of 72.5Mt (M&I)⁴ @ 10.5% ZnEq.
- Funds to advance feasibility study, advance permitting and further exploration



Notes:

1. The opportunities are conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if exploration will result in the estimation of a Mineral Resource
2. Trilogy Metals Mineral Resource estimate, published 22.04.2017 on their website (www.trilogymetals.com), prepared in accordance with NI43-101 and the CIM definition standard and available at www.sedar.com
3. Investment subject to certain customary conditions
4. Arizona Mining Resource estimate, published 13.04.2017 on their website (www.arizonamining.com), prepared in accordance with NI43-101 and the CIM definition standard stated at a cut-off grade 4% ZnEq, reported using units of short tons and available at www.sedar.com

Quarterly net cash movements and shareholder returns

