

24 November 2016

South32 Limited
(Incorporated in Australia under the *Corporations Act 2001* (Cth))
(ACN 093 732 597)
ASX / LSE / JSE Share Code: S32
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2016 Annual General Meeting Speeches

In accordance with ASX Listing Rule 3.13, attached are the addresses to shareholders to be given by the Chairman and Chief Executive Officer at South32 Limited's Annual General Meeting today in Perth.

The meeting will be webcast at <http://edge.media-server.com/m/p/m4r8g8fy>

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



Nicole Duncan
Chief Legal Officer and Company Secretary

SOUTH32 LIMITED
2016 Annual General Meeting
24 November 2016

**Speeches by David Crawford AO, Chairman and
Graham Kerr, Chief Executive Officer**

David Crawford AO, Chairman

Good afternoon ladies and gentlemen. My name is David Crawford and I am the Chairman of the South32 Board of Directors.

Thank you for joining us today for our Annual General Meeting and welcome to those shareholders from around the world who are following today's events via webcast.

Nicole Duncan, our Chief Legal Officer and Company Secretary, will now take us through the emergency procedures.

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In the presence of a quorum, I declare the meeting open.

I will start by introducing the rest of the Board of Directors.

On my right:

- Graham Kerr – our Chief Executive Officer
- Keith Rumble – the Chair of the Sustainability Committee
- Dr Futhi Mtoba
- Peter Kukielski

On my left and seated next to Nicole:

- Dr Xolani Mkhwanazi
- Wayne Osborn – the Chair of the Remuneration Committee, and
- Frank Cooper – the Chair of the Risk and Audit Committee

In addition to Graham and Nicole, the other members of our Executive team seated in the front row are:

- Mike Fraser – President and Chief Operating Officer, Africa
- Ricus Grimbeek – President and Chief Operating Officer, Australia
- Brendan Harris – our Chief Financial Officer

Also in attendance is Denise McComish representing the Company's auditors KPMG.

Tim Heughan from Computershare is also here to oversee the polling process.

I will commence proceedings with an overview of the key achievements for the 2016 year.

Your CEO, Graham Kerr, will then present an operations report before we move to the formal business of the meeting and the resolutions.

We will provide an opportunity for discussion and any questions you might have when we deal with each of the formal agenda items.

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2016 has been a busy year for everyone at South32, and our success is due to our talented and motivated people who have worked hard to deliver on our commitments.

It was not an easy 12 months for the industry as a whole, as we faced weak economies and volatile commodity prices.

However, while the outlook still remains unclear, our hard work is beginning to pay off as we build an even stronger company.

Before I touch on some of our achievements, we recognise that our safety performance was not acceptable.

We lost four of our colleagues in Africa during the year, which had an enormous impact on everyone across our business.

Nothing is more important than everyone going home safe and well at the end of every shift.

The Board and Management are committed to turning this safety performance around.

Graham will share more on Our Care Strategy shortly.

Our first full year reporting period delivered strong operating performance.

We generated revenue of US 5.8 billion dollars, and Underlying earnings before interest, tax, and depreciation of US 1.1 billion dollars.

The Group's statutory loss was US 1.6 billion dollars, largely brought about by non-cash impairments resulting from decisions made at the time of our demerger.

We significantly reduced controllable costs and capital expenditure.

We maintained a strong balance sheet, reducing net debt by US 714 million dollars, resulting in a net cash position of US 312 million dollars at year end.

By maintaining our financial discipline and continuing to optimise our portfolio, we have retained our positive, investment grade credit rating.

This is a key component of our simple capital management framework.

We declared a 1 cent dividend, consistent with our policy to distribute a minimum of 40 per cent of Underlying earnings as dividends, following each six month reporting period.

The Board and management team are committed to developing a workplace culture that reflects our four values of Care, Trust, Togetherness and Excellence.

We are committed to diversity and inclusion in the broadest sense, both in the composition of the board and leadership roles, and across our workforce.

One of the strengths of our Board comes from the fact that we are represented by a range of nationalities and backgrounds which leads to diversity of thought in the Boardroom.

Ideas and perspectives are freely shared.

The Board's relationship with Graham and senior management is transparent, supportive and aligned around our organisational priorities.

Over the past year your Directors have spent time with the broader management teams.

Our Board meeting program involved a number of site visits to our operations across the globe.

This enabled us to get to know our employees and have a deeper understanding of the business, at, for example, Khutala, Hillside and Mozal in Africa, Worsley and Cannington in Australia, and Marketing in Singapore.

We also spent time in the local communities, to appreciate the environment in which our employees live and work and to understand what is important to them.

As well as developing and instilling a positive culture we have focused on our governance framework, embedding systems, processes and policies appropriate for our business.

One new policy endorsed by the Board during the year was our Climate Change Strategy. This allows us to proactively manage our greenhouse gas emissions profile. We focus on emission reduction, climate resilience and climate change opportunity.

We have the right framework, the right people and the right strategy, to build a stronger company and stretch the performance of our operations, in a sustainable way.

On behalf of the Board, Graham and his broader management team, I acknowledge all of our employees and contractors for their hard work over the past year.

And to you, our shareholders, thank you for your continued support.

I will now hand over to Graham.

Graham Kerr, Chief Executive Officer

I'm pleased to say FY16 operating performance was strong.

We set annual production records at:

Australia Manganese, Worsley Alumina, Brazil Alumina, Mozal Aluminium and Cannington, for payable zinc, and we achieved guidance for the majority of our other operations.

We implemented our Regional Model, and restructured our operations, which I will discuss in more detail shortly.

While our operating performance was strong, as David mentioned, our safety performance in the past year has been unacceptable.

We tragically lost four of our colleagues at our African operations, which was devastating for not only their loved ones, but for all of us at South32.

We need a complete step-change in our approach and behaviour.

We are committed to investing time, energy and leadership to make a meaningful and sustainable change, to get this right.

We have implemented Our Care Strategy, and we are developing a culture of care and accountability by building an inclusive workplace where everyone feels comfortable to bring their whole self to work, where work is well-designed and we continuously improve and learn.

Our systems need to be simple, well understood and reliable, delivering safe outcomes for our people.

Throughout FY16, we stayed true to our strategy, to optimise our operations, unlock their potential by converting our high quality resources into reserves, and identify and pursue investment opportunities beyond our current portfolio.

We spent the majority of our time optimising our operations.

We transitioned to a Regional Model, and implemented a number of restructuring initiatives across the business.

By optimising our operations and maintaining a focus on value over volume we generated controllable cost savings of US\$386 million dollars and reduced capital expenditure by US\$306 million dollars.

We also continued to unlock the potential of our operations.

At GEMCO in the Northern Territory, Australia, we reached a landmark agreement to mine the Eastern Leases and explore the highly prospective Southern Areas, which have the potential to substantially extend the life of one of the world's largest and lowest cost manganese mines.

At Illawarra Metallurgical Coal, the US \$565 million dollar Appin Area 9 project, which was delivered three months ahead of schedule and 33 per cent below budget, increases production capacity at the operation.

This solid foundation positions us well to unlock the resource potential of our existing operations, the majority of which have significant reserve lives that underpin a stable production outlook.

In FY16, we made our first investment in an opportunity beyond our current portfolio, signing an option agreement with Northern Shield Resources at the Huckleberry property in Canada.

This agreement represents a low-cost entry into the Labrador Trough, a province identified as being highly prospective for copper, nickel and platinum group elements.

Just last month, we entered into an agreement to acquire the Metropolitan Colliery and its interest in the Port Kembla Coal Terminal from Peabody Energy Corporation.

Metropolitan is adjacent to our Illawarra operation in New South Wales, so it is a natural fit for our portfolio, and will enable us to unlock unique blending and resource synergies, whilst adding up to two million tonnes per annum of metallurgical coal to our portfolio.

Consistent with our strategy, we will continue to identify and evaluate new and exciting opportunities outside our current portfolio, where we see value.

But we won't compromise our balance sheet.

South32 has achieved a lot in the first 12 months and performed well in a challenging environment.

We are committed to deliver on the intent of Our Care Strategy, and our key priorities, to build an even stronger company in FY17.

I look forward to updating you in the months ahead.

Thank you, and I now hand you back to our Chairman.

The Chairman then conducted the formal items of business.

David Crawford AO, Chairman

Closing remarks

Ladies and gentlemen, I thank you for your attendance and attention.

This brings us to the end of the 2016 Annual General Meeting. On behalf of the Board, thank you for your participation. We look forward to your continued support in the coming year.

Please join me and my fellow Directors and executive management for light refreshments outside this room.

I now declare this meeting CLOSED.

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24 November 2016