



15 May 2018

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 2018

South32 Limited (ASX, LSE, JSE: S32; ADR: SOUHY) (South32) advises that Chief Executive Officer, Graham Kerr, will present at the Bank of America Merrill Lynch Global Metals, Mining & Steel Conference in Miami, Florida today.

The presentation is attached and an accompanying webcast will be available on South32'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.

FURTHER INFORMATION

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

JSE Sponsor: UBS South Africa (Pty) Ltd
15 May 2018



Bank of America Merrill Lynch
Global Metals, Mining & Steel Conference
15 May 2018



This presentation should be read in conjunction with the “Financial results and outlook – Half year ended 31 December 2017” announcement released on 15 February 2018, 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 the statements contained 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.

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This presentation includes certain non-IFRS financial measures, including Underlying earnings, Underlying EBIT and Underlying EBITDA, Basic Underlying earnings per share, Underlying effective tax rate, Underlying EBIT margin, Underlying EBITDA margin, Underlying return on invested capital, Free cash flow, net debt, net cash, 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.

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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 in this announcement that relates to the Ore Reserve and Mineral Resource estimates was declared as part of South32’s Annual Resource and Reserve declaration in the FY17 Annual Report (www.south32.net) issued on 14 September 2017 and prepared by competent persons in accordance with the requirements of the JORC Code. 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 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.

**Consistently apply
our strategy**

**Sustainably improve
performance**

**Capture margin from
higher prices**

**Further simplify our
business, establishing
a platform for growth**

**Continue to embed
high quality options**

Maintain capital discipline

Operational performance

Production guidance^(a) (South32's share)

Worsley Alumina



Refineries expected to approach guidance

Brazil Alumina



Worsley Alumina hydrate conversion rates expected to improve in the June quarter

South Africa Aluminium



Aluminium smelters continue to test technical capability

Mozal Aluminium



South Africa Energy Coal¹



Domestic demand below plan with some tonnes diverted to higher margin export market

Illawarra Metallurgical Coal



On track to increase FY19 production to more than 6Mt

0% 100%

● Production tracking to FY18e plan. ● Production tracking behind FY18e plan.

Australia Manganese – Ore



FY18 guidance increased at Australia Manganese by 6% and South Africa Manganese by 5%

South Africa Manganese – Ore²



Cerro Matoso



Tracking ahead of FY18 guidance

Cannington



On track to meet FY18 guidance with mine plan entering a higher grade sequence of stopes

0%

100%

■ 9M YTD18 □ Q4 FY18 guidance

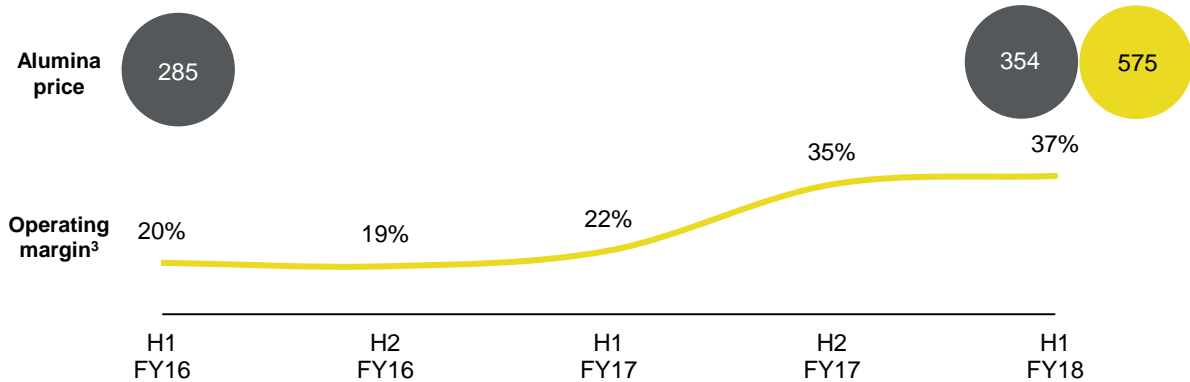
a. FY18 production guidance as provided in the March 2018 Quarterly Report.

Margins have expanded for our key commodities



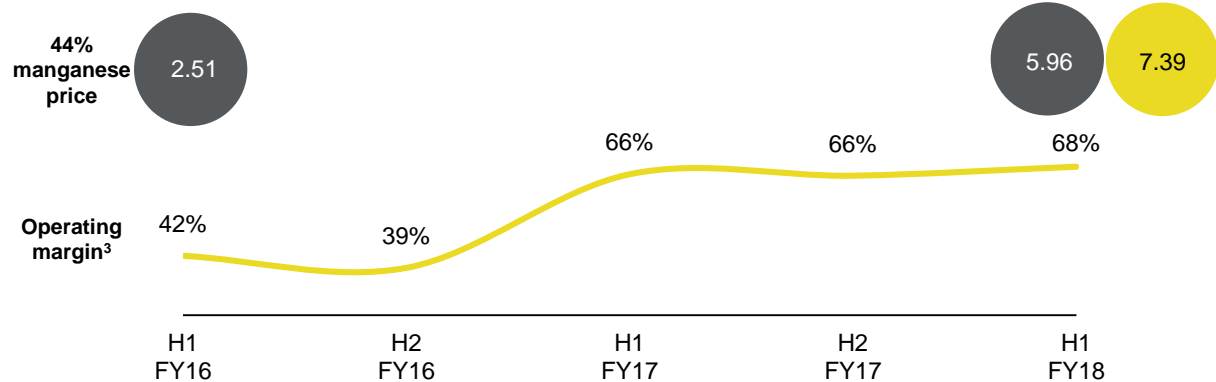
Margin transferring upstream into net long alumina position

Worsley Alumina

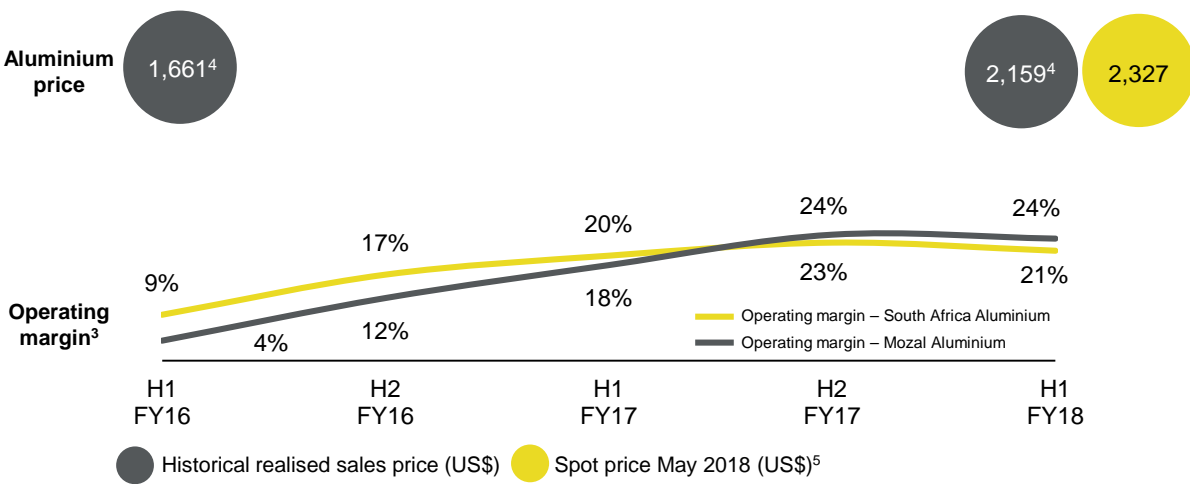


Capturing margin in Australia Manganese as the South African cost curve steepens

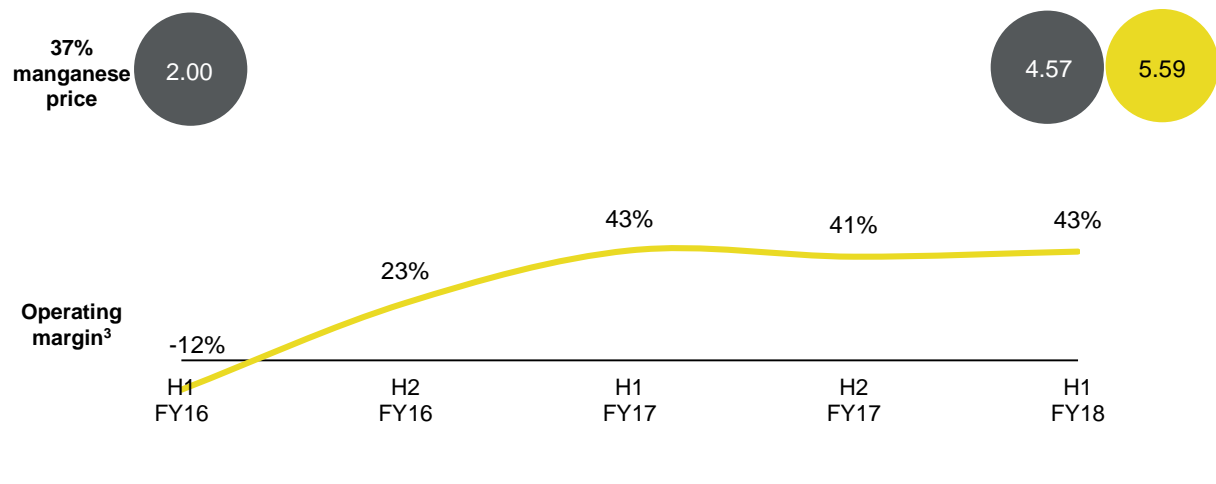
Australia Manganese ore



Aluminium smelters

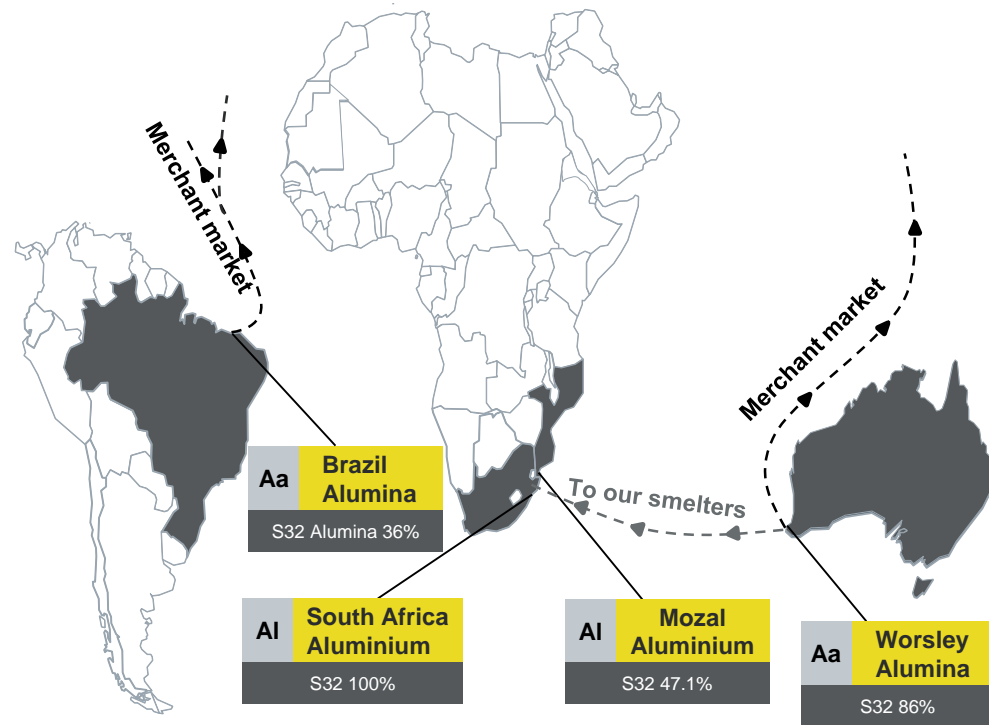


South Africa Manganese ore



Alumina market update

FY18e Group alumina and aluminium operations

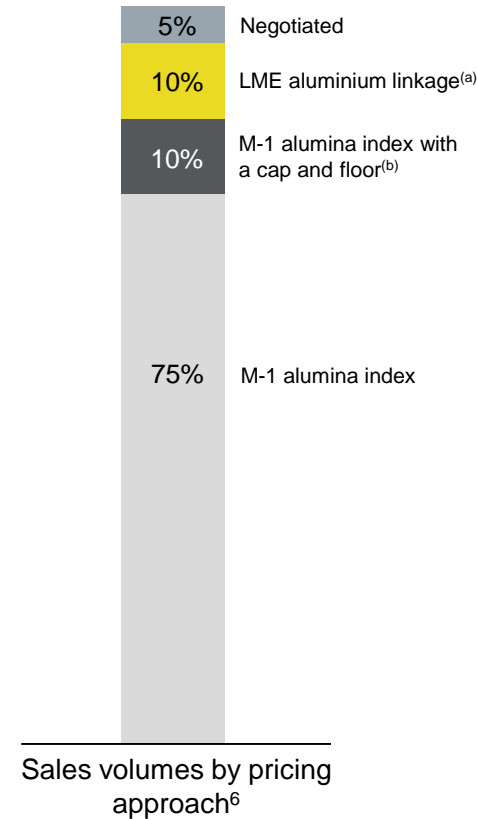


Two integrated bauxite and alumina refineries producing ~5.3Mt

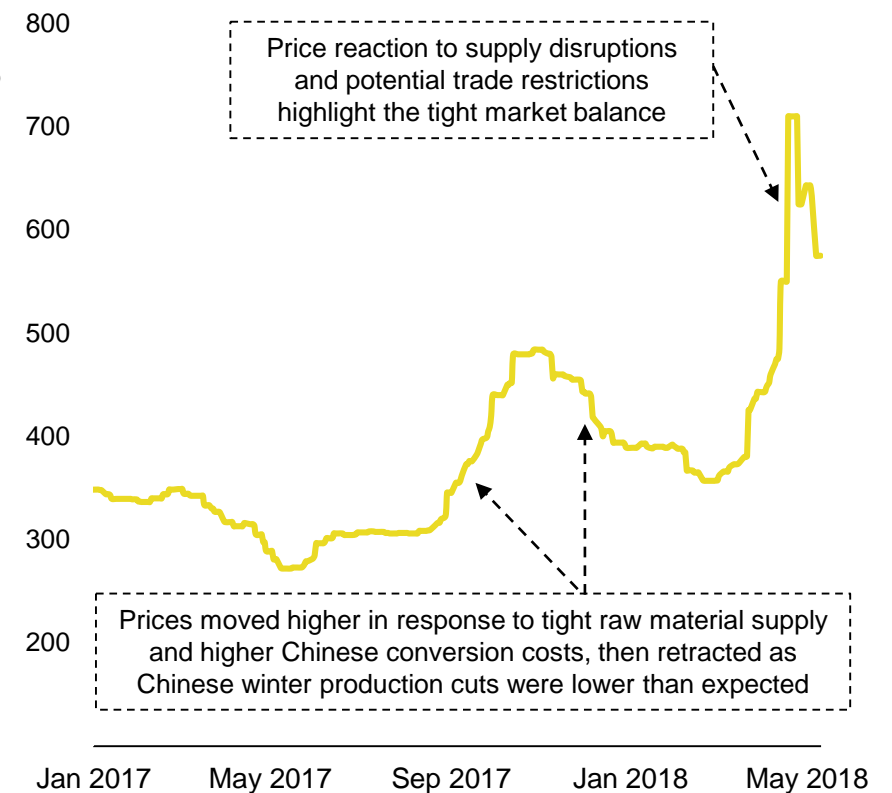
~1.9Mt of alumina directed to our smelters (S32 share) producing ~1Mt aluminium

~3.4Mt of alumina directed to the Atlantic and Pacific merchant markets

FY18e alumina book



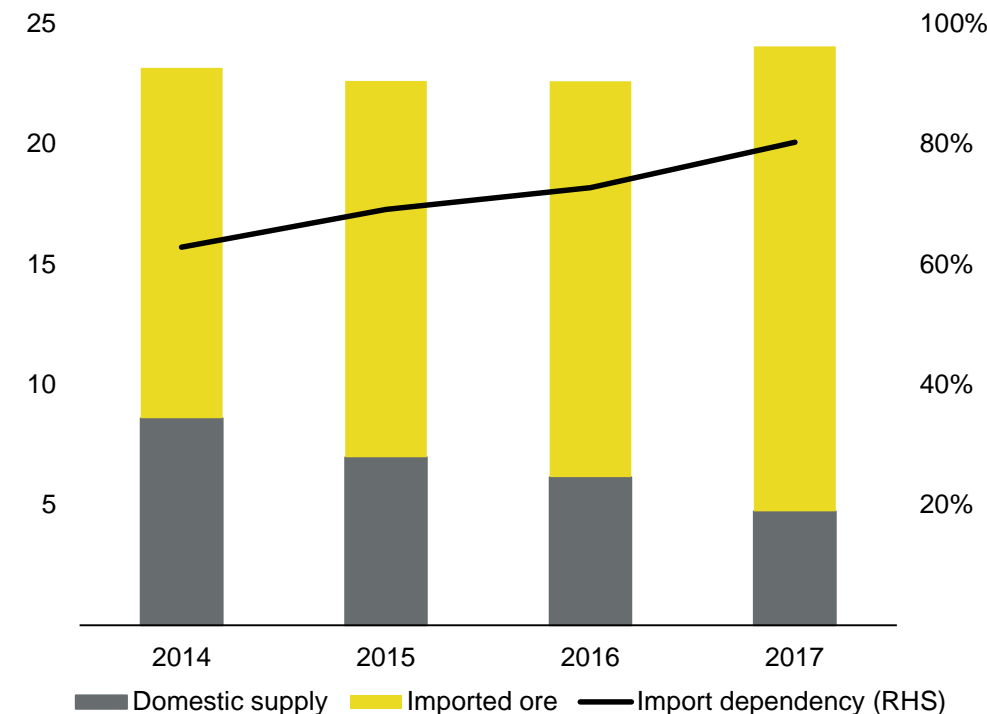
Alumina price – Platts FOB Australia (US\$/t)



Source: Platts, South32 analysis

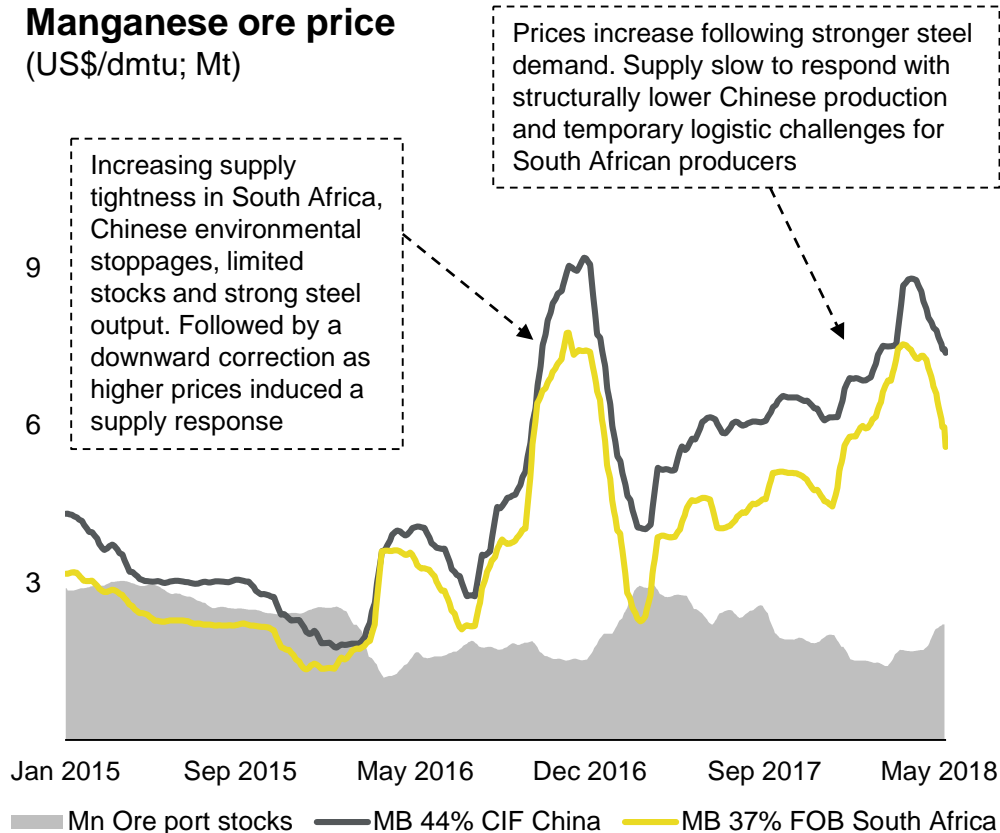
a. Mozal 1 supply contract priced as a percentage linked to the LME aluminium index.
b. Mozal 2 supply contract priced to the alumina index on an M-1 basis with a cap and floor.

China Mn demand in alloy and domestic supply
(Mt ore, 40% Mn)



Source: South32 Analysis, SMM, GTIS

Manganese ore price
(US\$/dmtu; Mt)



Source: Metal Bulletin, SteelOrbis, South32 analysis

China's import dependency increased following a decline in domestic production

Driven by a combination of environmental restrictions and grade decline

Record South African supply response absorbed into demand

Appin colliery restart plan

Appin colliery restart plan on track

Phase II

Safe commencement of staged ramp-up

Focus on gas drainage and ventilation

Transform the way we work

Phase III

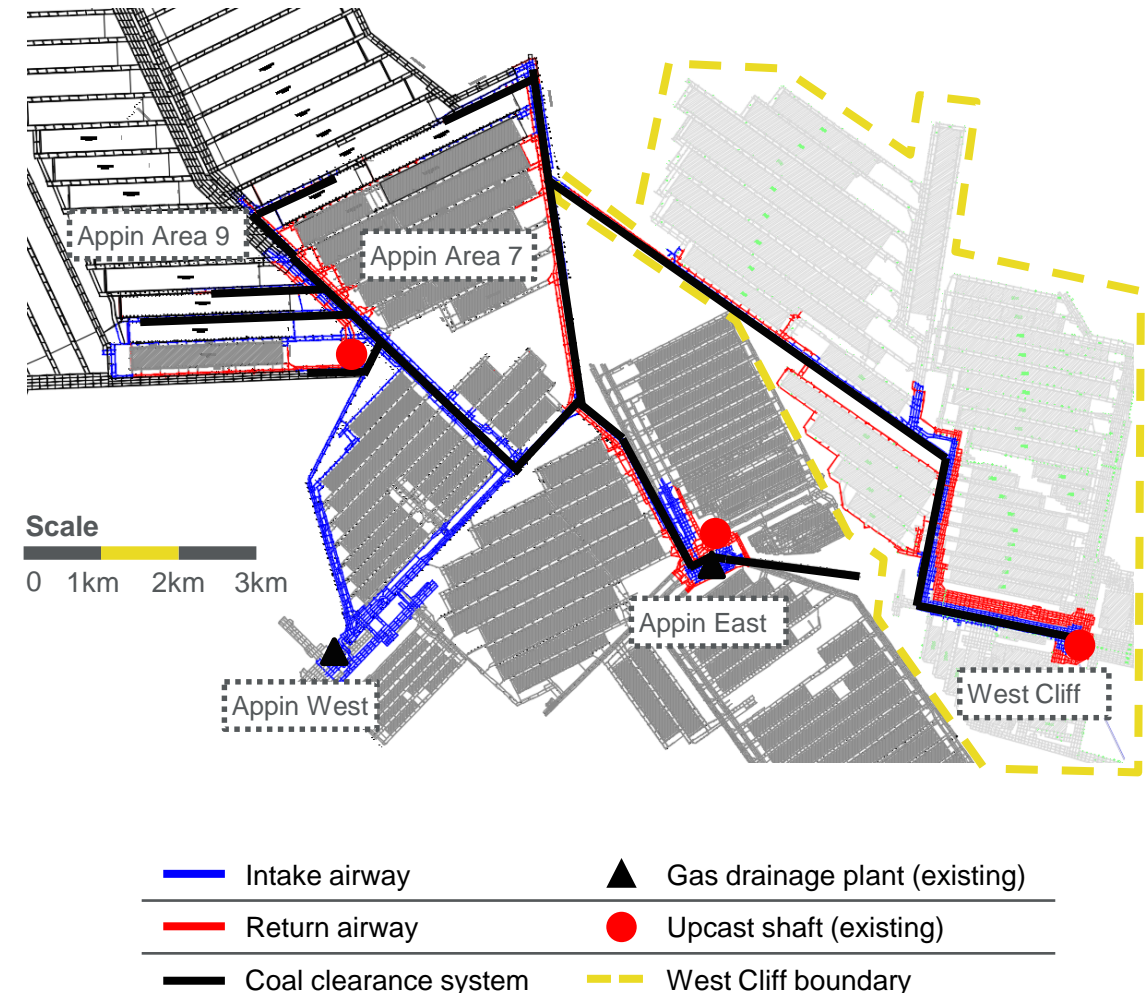
Ability to safely return operation to historical levels of production

Finalised plans expected to deliver more productive longwall and development performance

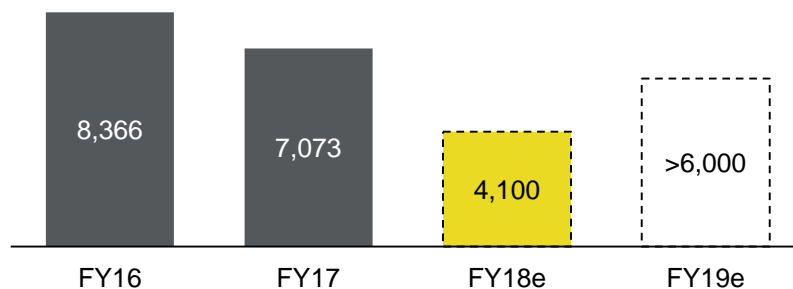
- New leadership team in place
- Completed gas plant improvement projects in the December 2017 quarter
- Completed refurbishment of SW1 coal clearance in the March 2018 quarter
- Simplified the mine design and our underground infrastructure usage:
 - Old West Cliff workings will be segregated to assist with ventilation and gas drainage
 - Reconfigure Area 9 and potential future mining areas
 - Underground development plans optimised

Continuing to improve our safety performance and the way we work

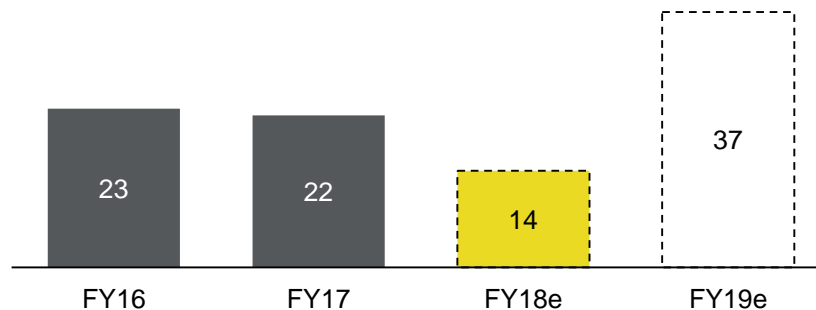
Plan view of Appin colliery and West Cliff workings



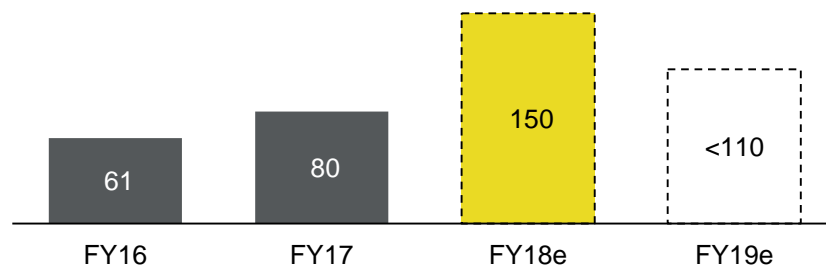
Production (kt)



Development (km)



Operating unit costs^{7,8} (US\$/t)



Production

- Recovery to more than 6Mt in FY19
- Anticipated return to historical rates above 8Mtpa from H2 FY20
- Progressive return from one to six development units

Operating unit costs

- FY19 unit costs expected to reduce to less than US\$110/t⁸
- Focussing on lowering the cost base by:
 - Improving development and longwall productivity
 - Implementing strategic sourcing to reduce spend

Enterprise Agreements

- Multiple enterprise agreements to be renegotiated into FY19

South Africa Energy Coal separation update



Manage as a stand-alone business

May
2018

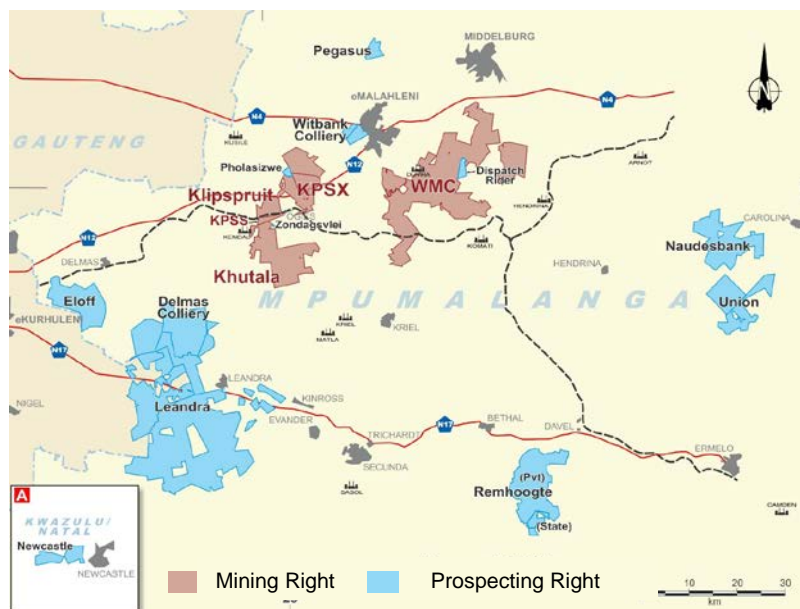
Commence process to broaden & transform ownership

H1
FY19

Target divestment

18-24
months

South Africa Energy Coal



- 35% of employees and contractors⁹
- ~50% of closure and rehabilitation provisions¹⁰
- ~1% of net assets¹⁰
- Over 4.9Bt of Coal Resources

Separation simplifies the Group:

- Allows a new way of working with a single set of global functions
- Establishes a platform for growth

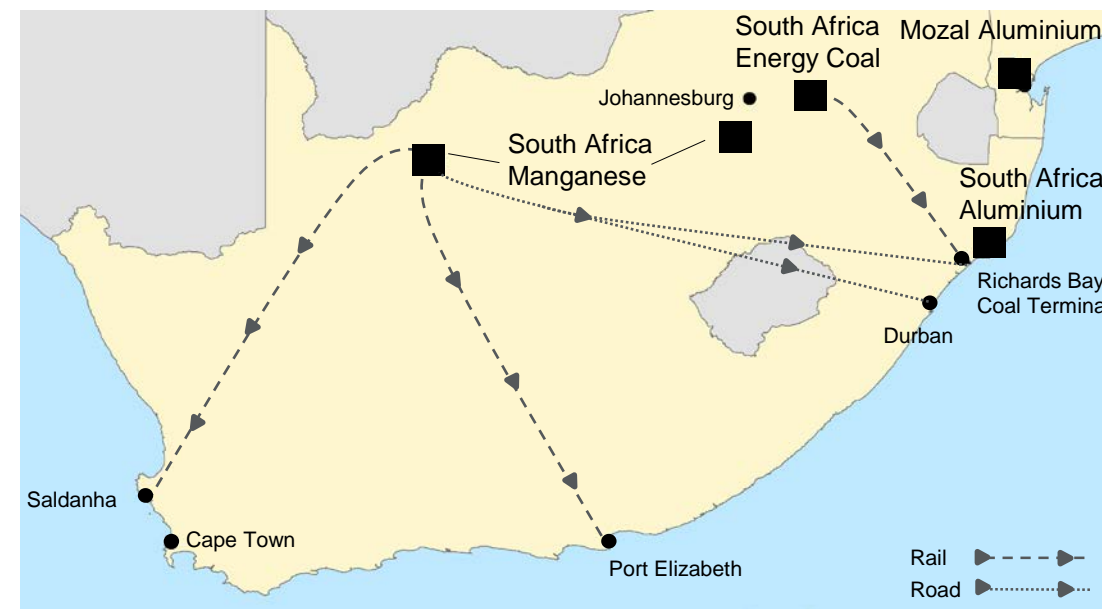
Energy Coal

Large business with substantial domestic opportunities

~12Mt exported in FY17 via 21.1% share in Richards Bay Coal Terminal

Johannesburg regional office

Core African operations



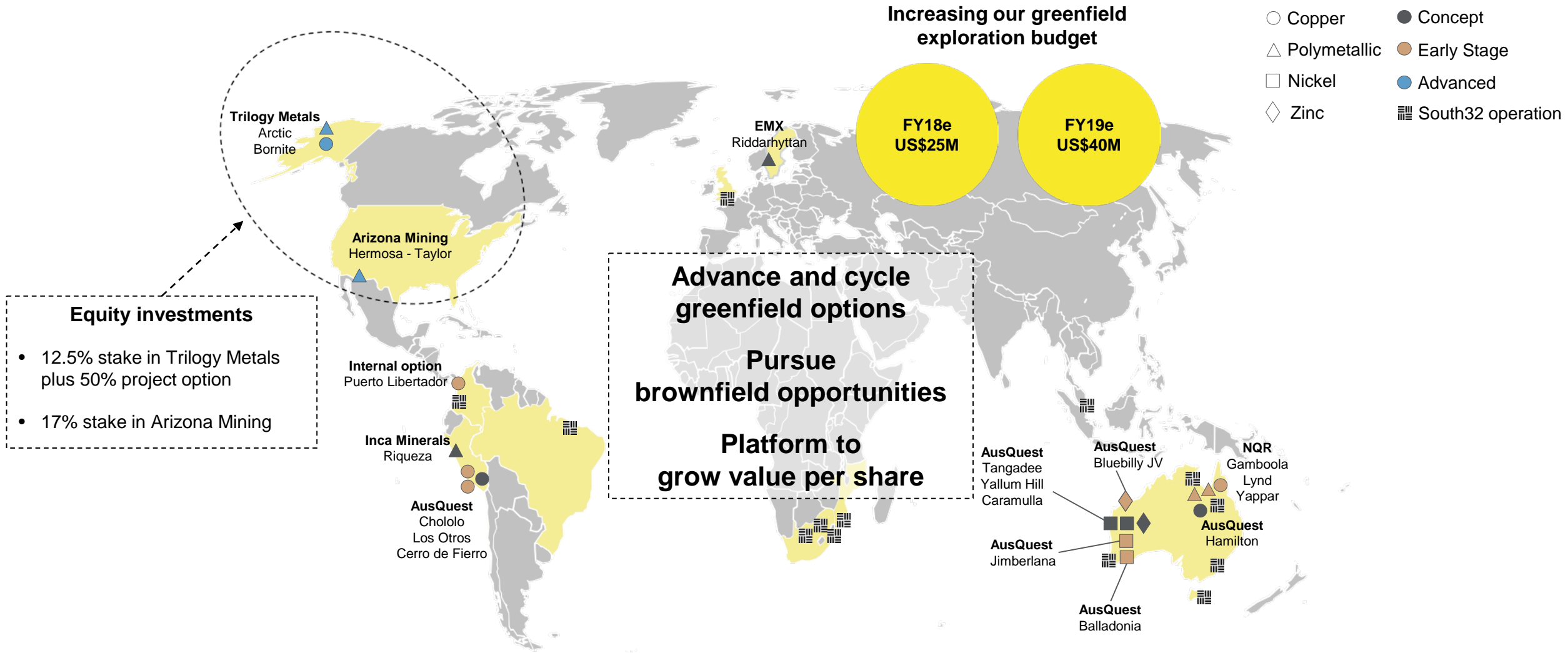
Aluminium

World class smelters integrated with our Worsley Alumina refinery

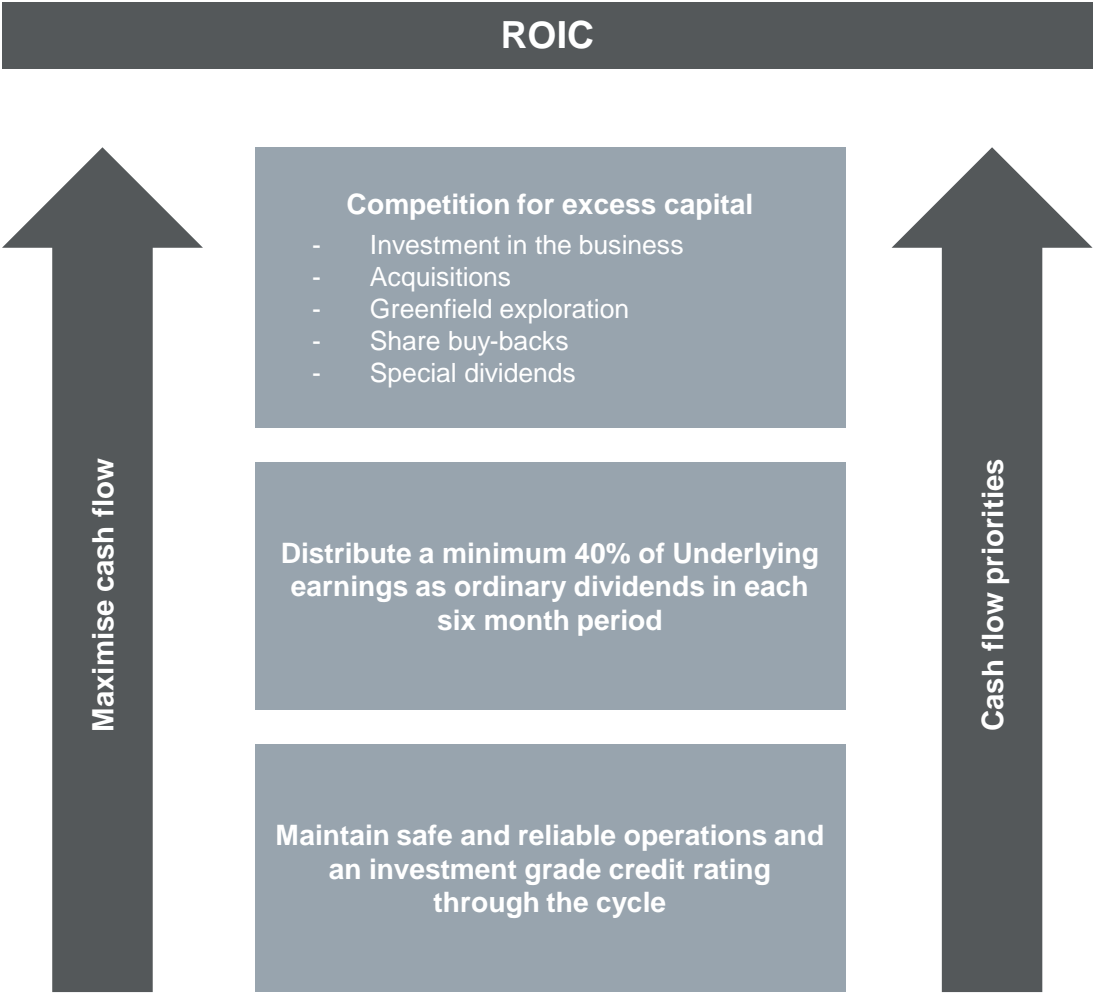
Manganese

Leading position in the world's largest manganese basin

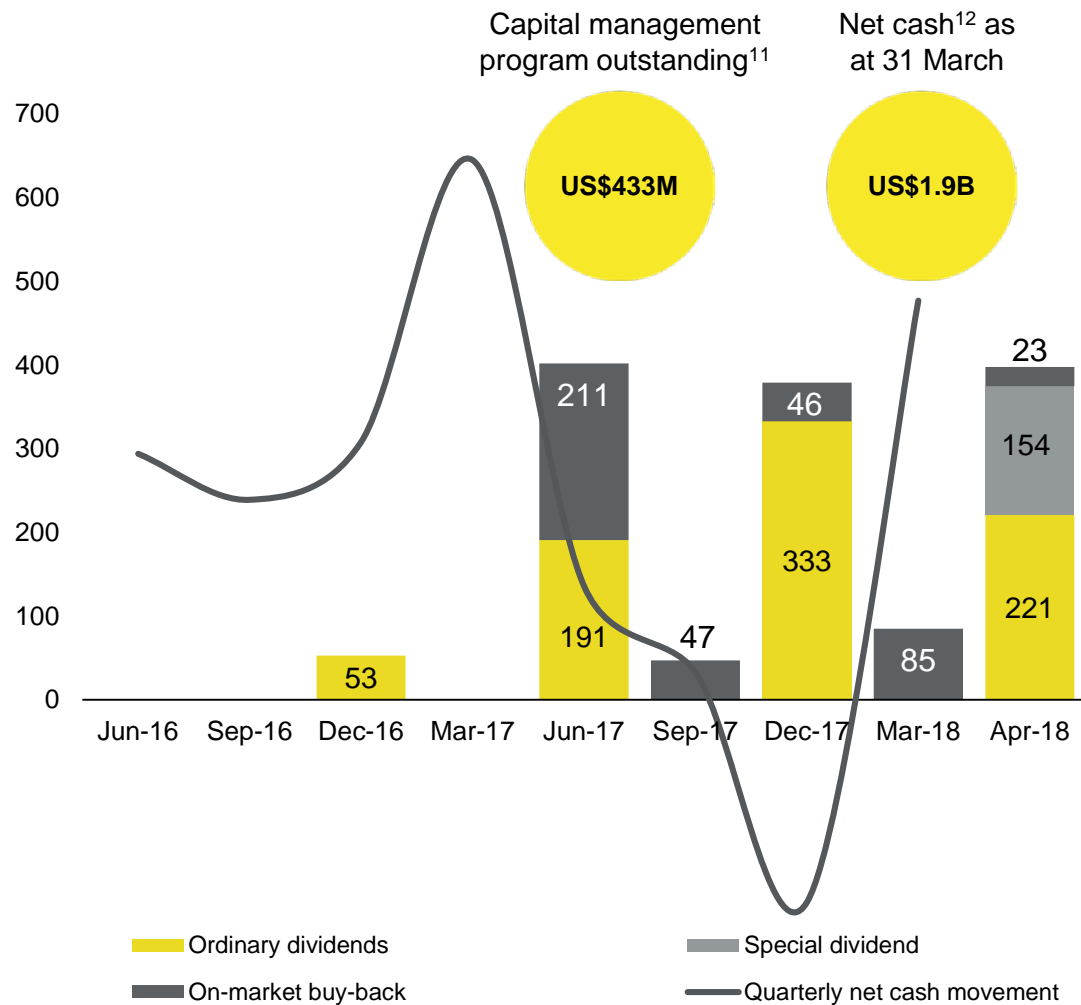
Our portfolio and exploration footprint



Remains unchanged since listing



Quarterly net cash movements and shareholder returns (US\$M)



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**Sustainably improve
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Maintain capital discipline

Notes:

1. 8% of South Africa Energy Coal is owned by a Broad-Based Black Economic Empowerment (B-BBEE) consortium. The interests owned by the B-BBEE consortium were acquired using vendor finance, with the loans repayable to South32 via distributions attributable to these parties, pro rata to their share in South Africa Energy Coal. Until these loans are repaid, South32's interest in South Africa Energy Coal is accounted at 100%.
2. Consistent with the presentation of South32's segment information, South Africa Manganese ore production and sales have been reported at 60%. The Group's financial statement will continue to reflect a 54.6% interest in South Africa Manganese ore.
3. Comprises Underlying EBITDA excluding third party product EBITDA, divided by revenue excluding third party product revenue.
4. Reflects the volume weighted average of South Africa Aluminium and Mozal Aluminium realised sales prices for each six month period.
5. Represents spot price as at 11 May 2018 for Manganese, and 10 May 2018 for Alumina and Aluminium. Source Platts Alumina Index (PAX) FOB Australia. Source LME Aluminium. Source Metal Bulletin 44% manganese lump ore index (CIF Tianjin, China). Source Metal Bulletin 37% manganese lump ore index (FOB Port Elizabeth, South Africa).
6. Reflects percentage allocation of internal and external sales.
7. FY18e Operating unit cost guidance includes royalties (where appropriate) and the influence of exchange rates, and is predicated on various assumptions for FY18, including an average blended coal price of US\$168/t and an AUD:USD exchange rate of 0.78 both of which reflected forward markets as at January 2018 or our internal expectations.
8. FY19e Operating unit cost guidance includes royalties (where appropriate) and the influence of exchange rates, and is predicated on various assumptions for FY19, including an average blended coal price of US\$143/t and an AUD:USD exchange rate of 0.77 which reflect forward markets as at April 2018 and March 2018 respectively or our internal expectations.
9. As at 30 October 2017.
10. As at 30 June 2017.
11. Capital Management program outstanding as at 30 April 2018, following the payment of US\$154M special dividend and a further US\$23M on-market buy-back during April 2018.
12. Net cash number is unaudited.

