



Bank of America Merrill Lynch
Global Metals, Mining & Steel Conference 2019

14 May 2019



Important notices



This presentation should be read in conjunction with the "Financial results and outlook – half year ended 31 December 2018" announcement released on 14 February 2019, which is available on South32's website (www.south32.net).

Figures in italics indicate that an adjustment has been made since the figures were previously reported.

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MINERAL RESOURCES AND ORE RESERVES

The information in this presentation that relates to Mineral Resource estimates for MRN was declared as part of South32's Annual Resource and Reserve declaration in the Annual Report 2018 (www.south32.net) issued on 7 September 2018 and prepared by M A H Monteiro 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.

The information in this presentation that relates to estimates of Mineral Resources for the Hermosa Project are qualifying foreign estimates under ASX Listing Rules and reference should be made to the clarifying statement on Mineral Resources in the market announcement 'South32 to acquire Arizona Mining in agreed all cash offer' dated 18 June 2018, in accordance with ASX Listing Rule 5.12. South32 is not in possession of any new information or data relating to the foreign estimate that materially impacts on the reliability of the estimates. South32 confirms that the information contained in the clarifying statement in the 18 June 2018 market announcement continues to apply and has not materially changed. The estimates of Mineral Resources are not reported in accordance with the JORC Code. Competent Persons have not done sufficient work to classify the foreign estimates as Mineral Resources in accordance with JORC Code. It is uncertain that following evaluation and further exploration that the foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code.

The information in this presentation that relates to estimates of Coal Resources for Eagle Downs Metallurgical Coal project was declared as part of South32's media release "South32 to acquire 50% interest in Eagle Downs and assume operatorship" issued on 29 May 2018 and prepared by Competent Person 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.

Other information in this presentation that relates to Ore Reserve and Mineral Resource estimates was declared as part of South32's annual Resource and Reserve declaration in the FY18 Annual Report (www.south32.net) issued on 7 September 2018 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 our
operating performance**

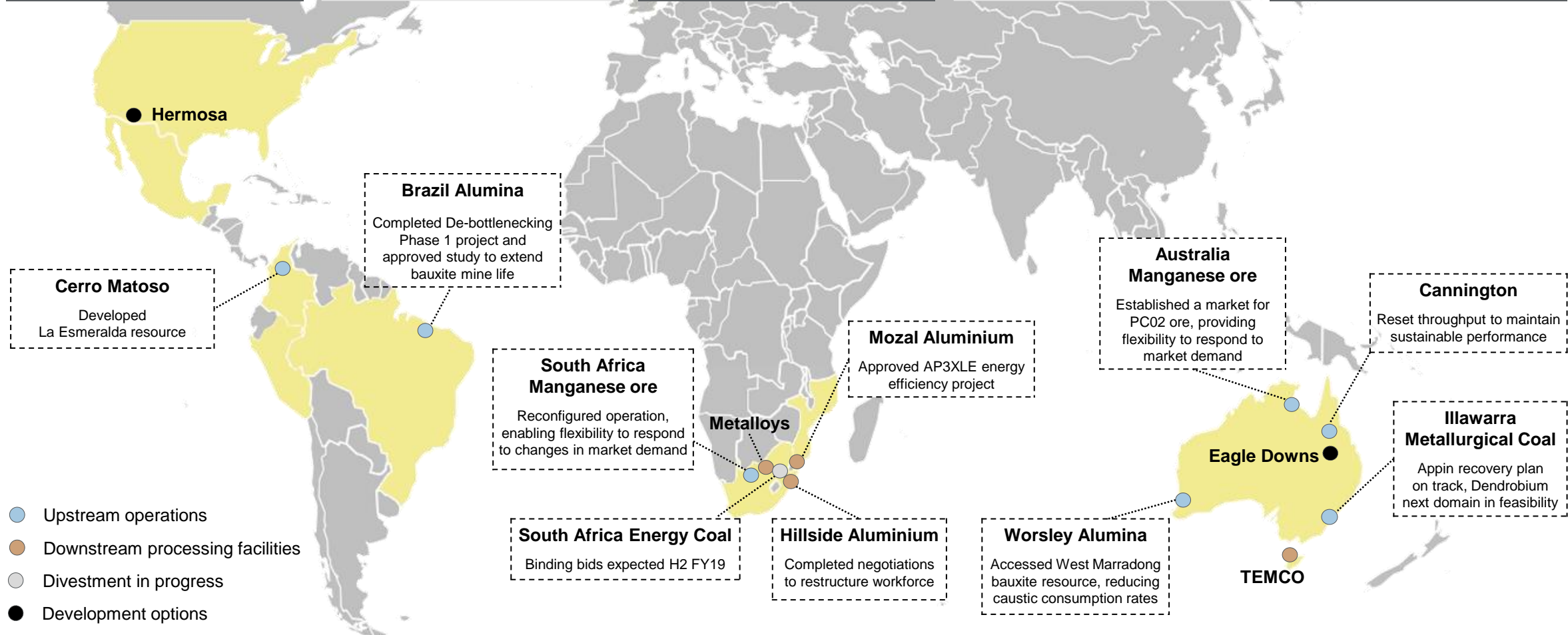
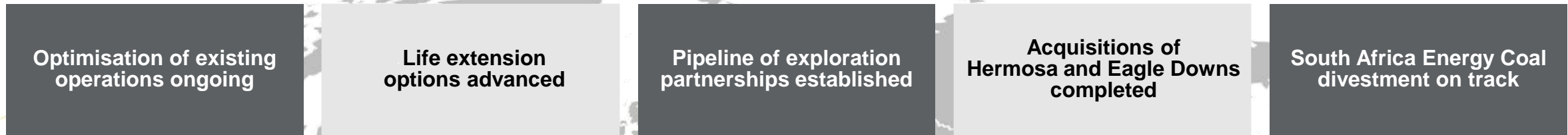
**Continue to embed
high quality options**

**Complete South Africa
Energy Coal divestment**

**Further reshape and
improve our portfolio**

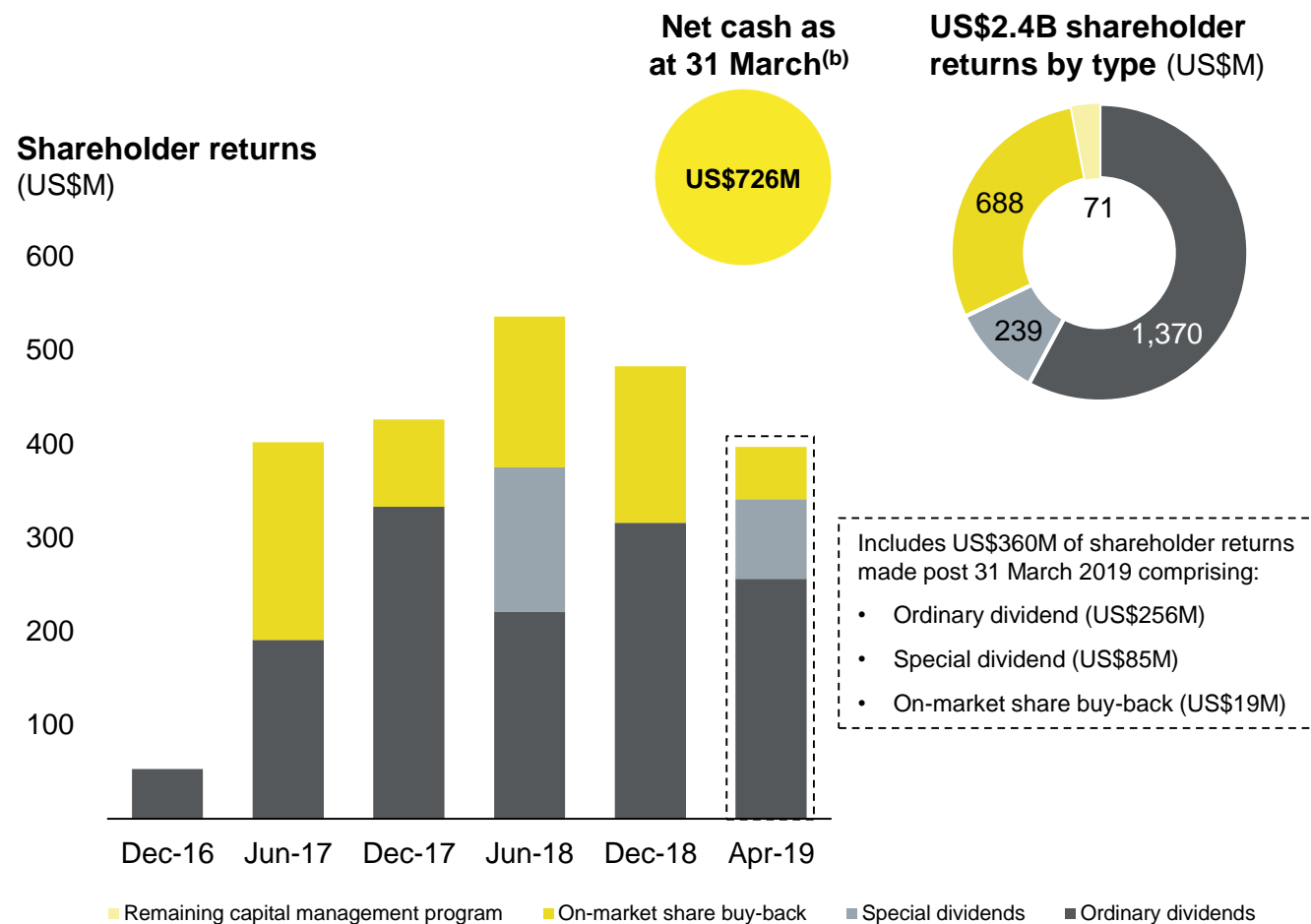
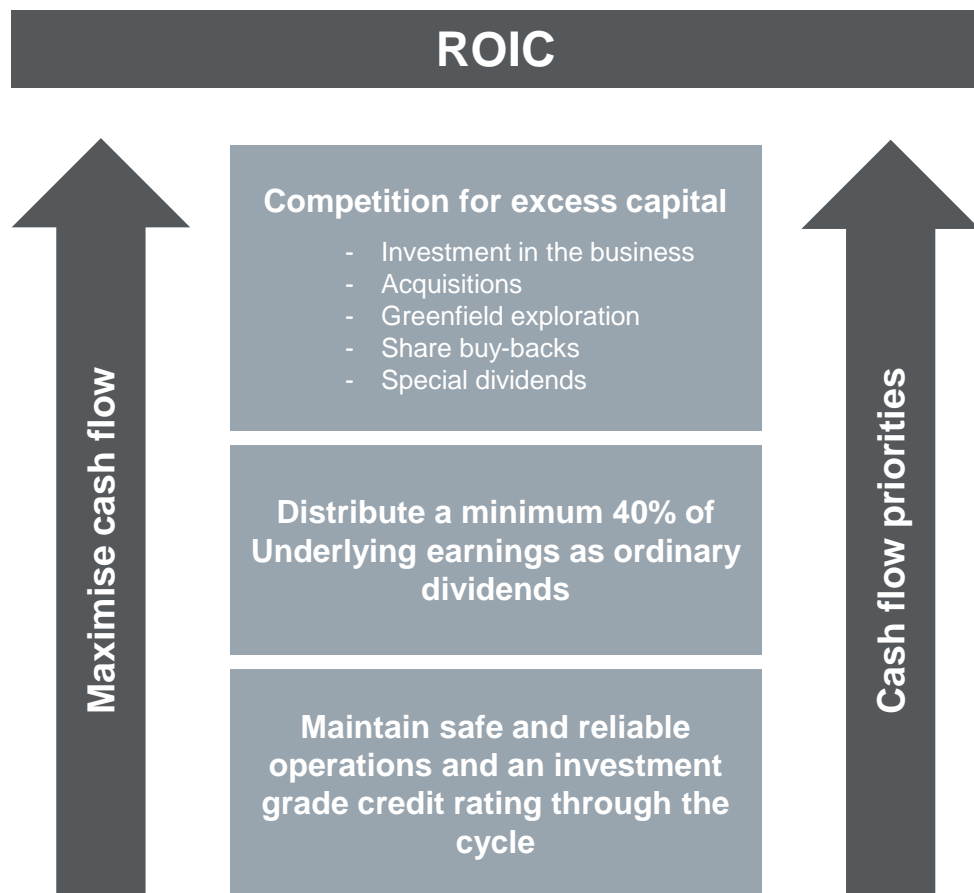
**Maintain
capital discipline**

Our portfolio



Our capital management framework remains unchanged

Since FY16 we have committed to return US\$2.4B, equivalent to 20% of our market capitalisation^(a)



Notes:

a. Based on committed and paid shareholder returns across a three year period in the form of ordinary dividends, special dividends and our on-market share buy-back program. Market capitalisation as at 30 April 2019 is calculated as the number of shares on issue (5,031 million), the South32 closing share price A\$3.34 and an AUD:USD exchange rate of 0.70.

b. Net cash number is unaudited and should not be considered as an indication of or alternative to an IFRS measure of profitability, financial performance or liquidity.

Increase in intensity of use in steelmaking

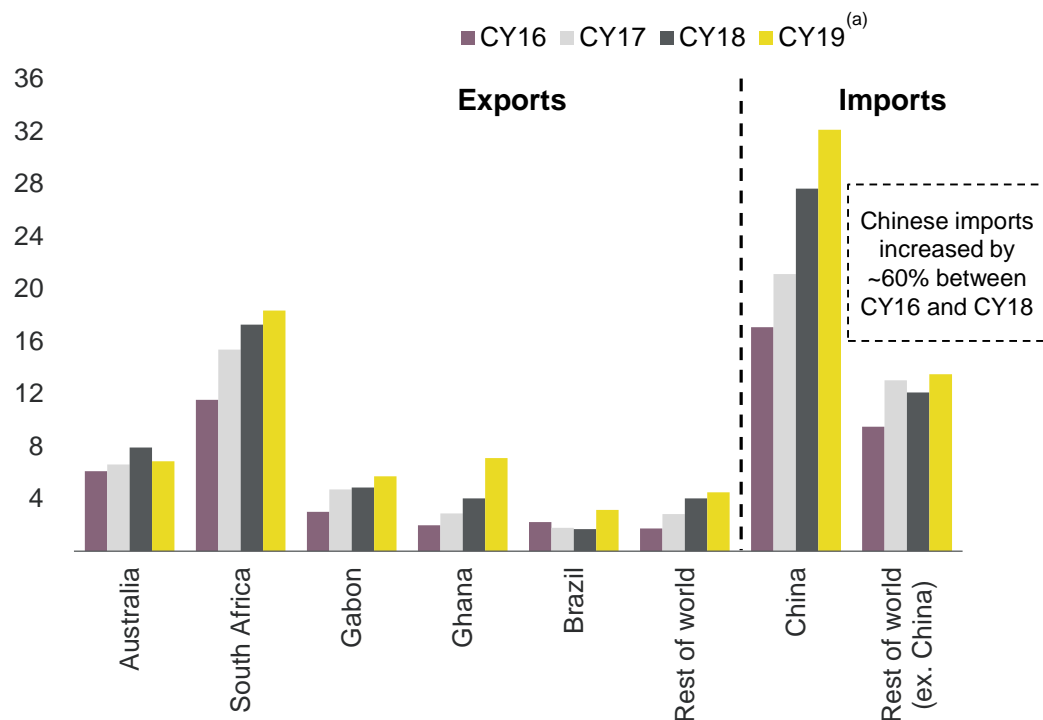
Chinese domestic production has declined as a result of environmental restrictions and grade decline

Supply response from high cost South African producers (lower grade, trucking versus rail)

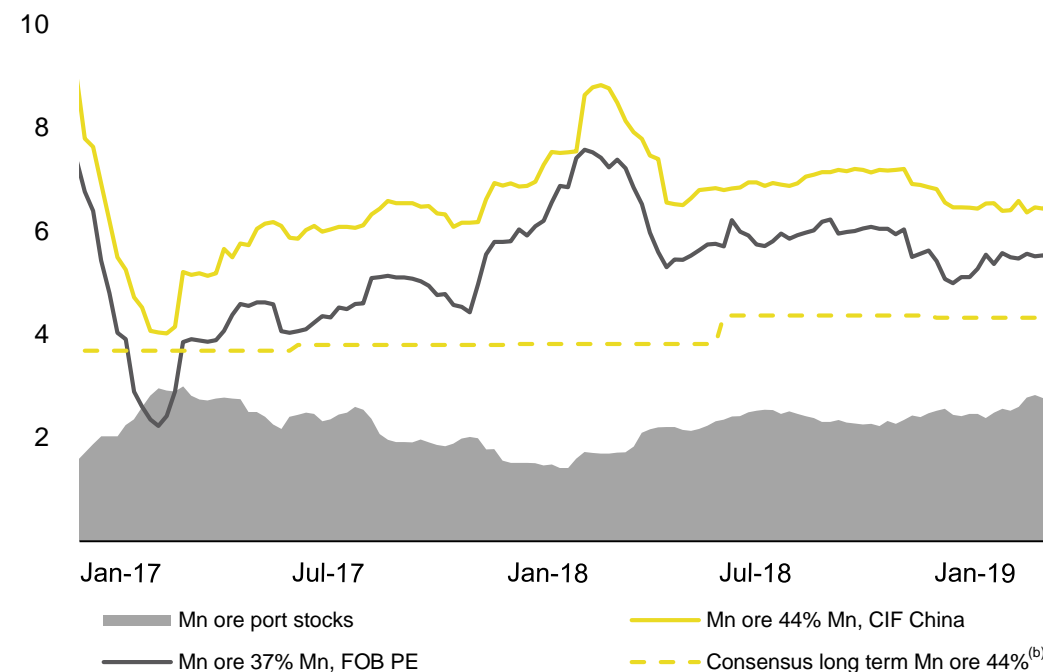
Future cost of South African supply to be set by higher cost trucking and transition to underground mines

Structural factors have lifted and steepened the manganese ore industry cost curve

Manganese ore trade flows (Mt, Mn content unadjusted)



Manganese ore price and China port stocks (US\$/dmtu; Mt)



Source: Metal Bulletin, SteelOrbis

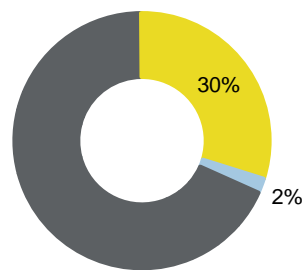
Source: GTIS, South32 Industry Analysis

Notes:

a. CY19 based on March 2019 YTD annualised.

b. Long term consensus estimates based on a selection of brokers which includes: BMO Capital, Bank of America Merrill Lynch, Citi, Credit Suisse, Deutsche Bank, HSBC, JP Morgan, Macquarie, Renaissance Capital and UBS.

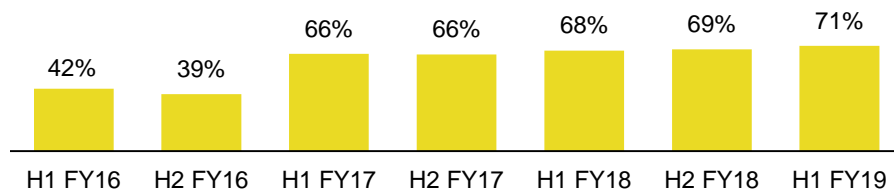
H1 FY19 EBITDA contribution^(a)



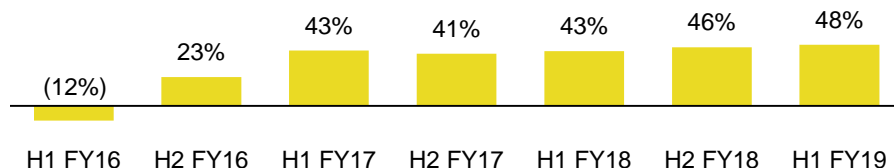
■ Manganese ore
■ Manganese alloy

Industry leading position in manganese ore, with joint venture supplying 20%^(b) of seaborne market

Operating margin (Australia Manganese ore)



Operating margin (South Africa Manganese ore)



Notes:

- a. Presented on a proportionally consolidated basis.
- b. South32 analysis. CY18 data presented on a 100% basis.

Australia Manganese ore

- Unit costs have remained steady, despite an increase in strip ratio
- Pursuing further optimisation of the PCO2 circuit (currently operating at 120% of nameplate capacity)
- Pursuing life extension opportunities
 - Assessment of eastern leases resource to convert to reserve
 - Approval to drill southern areas (expected H1 FY20)

South Africa Manganese ore

- Completion of the Wessels central block project with increased sales of premium product
- Opportunistic trucking to capture additional margin
- Reviewing options to expand Wessels underground and upgrade train load-out infrastructure

Australia and South Africa Manganese alloy

- Reviewing options for our alloy smelters as changes in market dynamics have reduced the attractiveness of our exposure

Alumina and aluminium markets

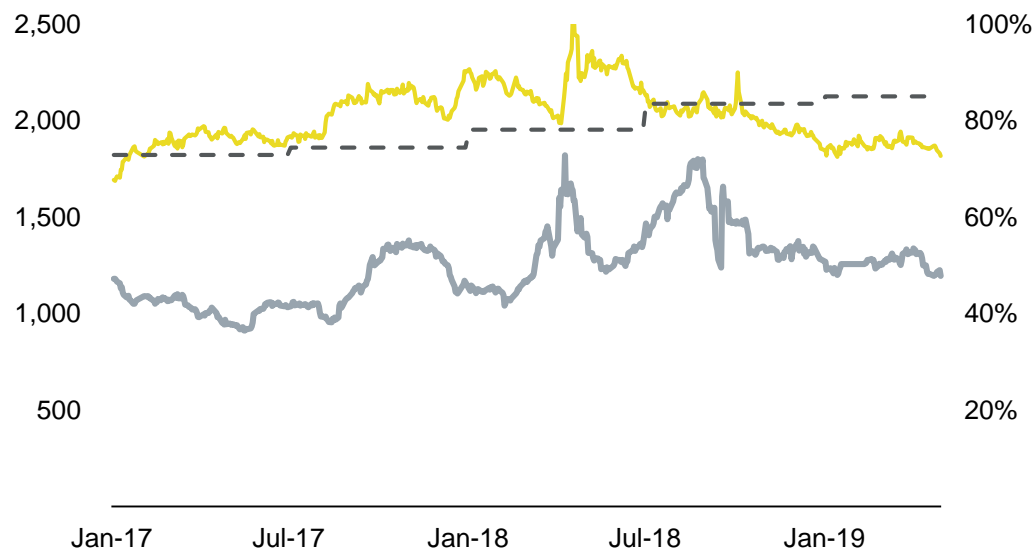
Aluminium industry expected to remain at low profitability in near term

Raw material cost pressure has subsided from H1 FY19 peak

Chinese regulations have led to closures and delays in new alumina refinery builds

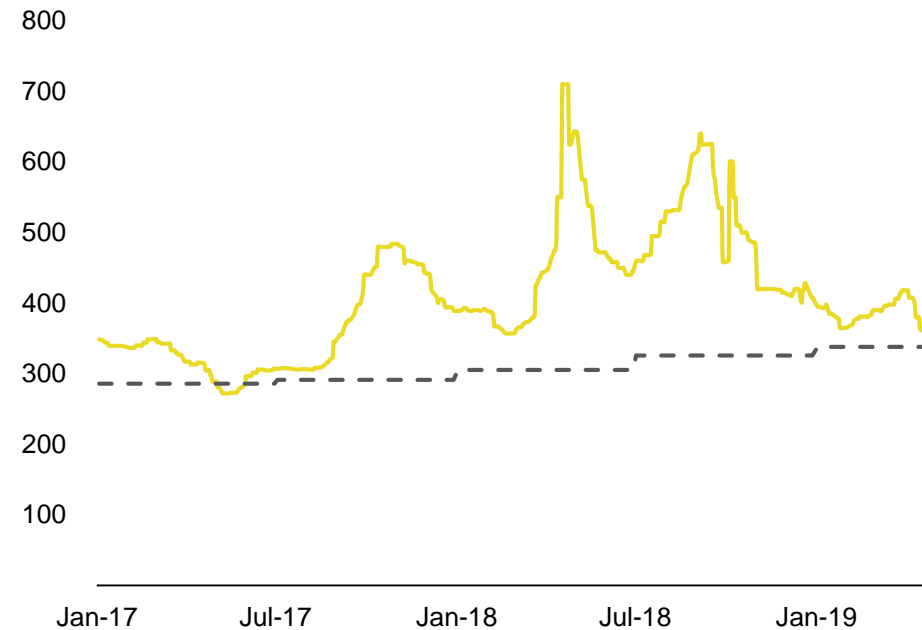
Deteriorating Chinese supply has increased dependence on imported bauxite

Aluminium price and % of LME aluminium price (US\$/t; %)



— LME aluminium (LHS)
 - - - Consensus long term aluminium (LHS)^(a)
 — Smelter raw material basket % of LME aluminium (RHS)^(b)

Alumina price (US\$/t)

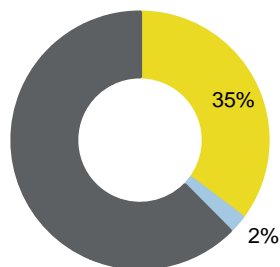


— Platts FOB Australia Index - - - Consensus long term^(a)

Notes:
 a. Long term consensus estimates based on a selection of brokers which includes: Barclays, BMO Capital, Bank of America Merrill Lynch, Citi, Credit Suisse, Deutsche Bank, HSBC, Investec, Jefferies, JP Morgan, Macquarie, Morgan Stanley, RBC, Renaissance, SMBC and UBS.
 b. Sources: LME, Baiinfo, Aladinny, AZ China, CRU, Platts, Jacobs. Calculation assumes 1t of aluminium, 1.9t alumina, 0.35t coke, 0.075t pitch and 0.02t aluminium tri-fluoride.

Our alumina and aluminium operations

H1 FY19 EBITDA contribution



■ Alumina
■ Aluminium

First quartile alumina refineries producing ~5.1Mt in FY19e, including ~3.2Mtpa directed to Atlantic and Pacific merchant markets^(a)

Worsley Alumina

- Historical investment of US\$3.2B in Efficiency and Growth project positioned the refinery as one of the largest and lowest cost in the industry
- Targeting a sustainable improvement in calciner availability to lift production to nameplate capacity from FY20 ahead of de-bottlenecking activities

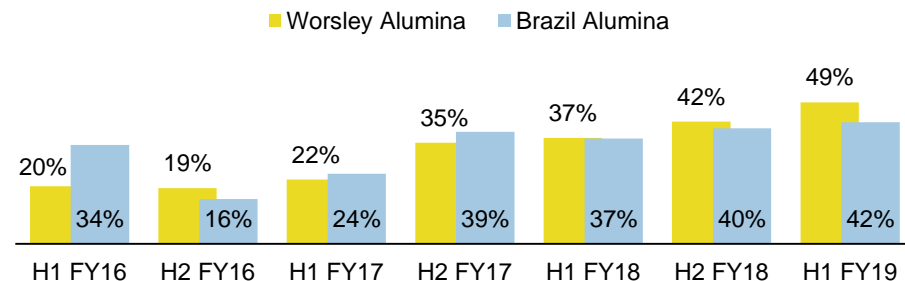
Brazil Alumina

- Package boilers installed to improve the reliability of steam generation, enabling the full benefits of the De-bottlenecking Phase One project to be realised from FY20
- Joint venture partners have approved a pre-feasibility study to extend MRN bauxite mine life by approximately 20 years^(b) with a lower capital cost option

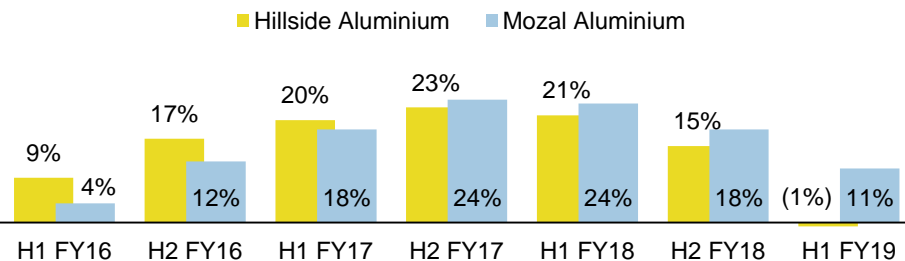
Hillside and Mozal Aluminium

- Cost base mostly variable raw material inputs and power
- Workforce restructure at Hillside to align smelter with industry benchmarks and the implementation of AP3XLE technology at Mozal to improve energy efficiency

Operating margin (Alumina)



Operating margin (Aluminium)



Notes:

a. FY19e forecast.

b. Refer to important notices (slide 2) for additional disclosure.

Metallurgical coal market

Market remains tight and sensitive to supply disruption

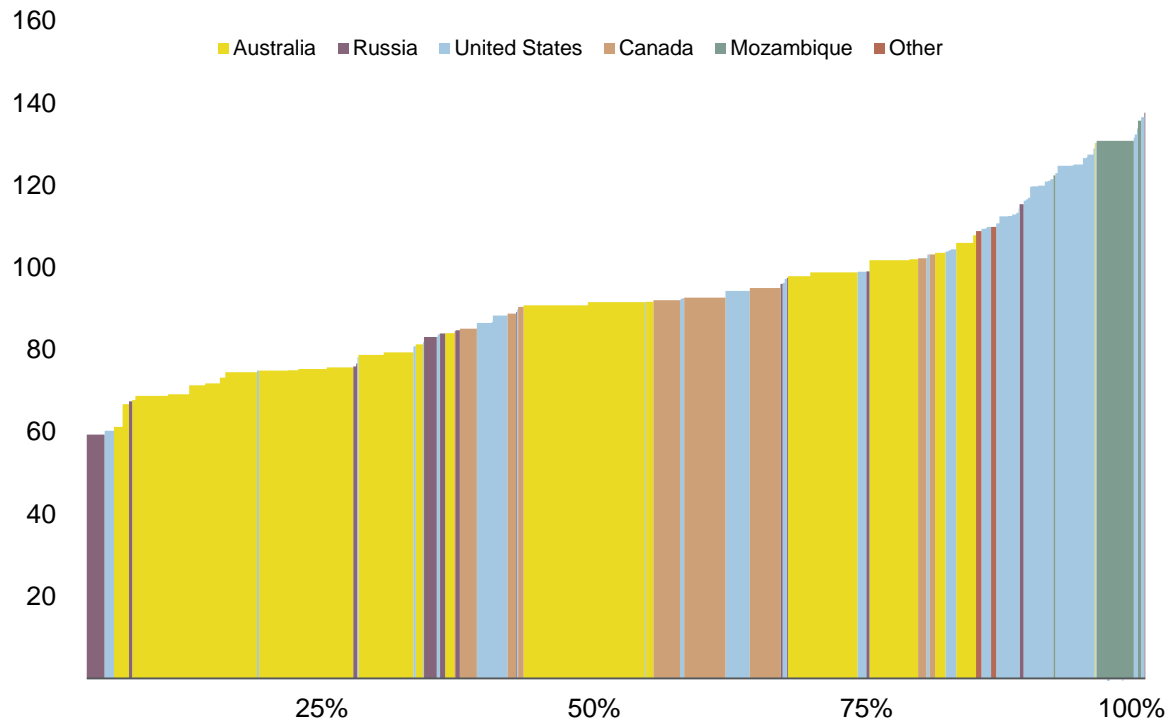
Cost curve will continue to steepen due to higher logistics costs and maturing assets

Environmental restrictions are increasing demand for higher quality coals

Identified new supply to increasingly come from projects with lower coal quality

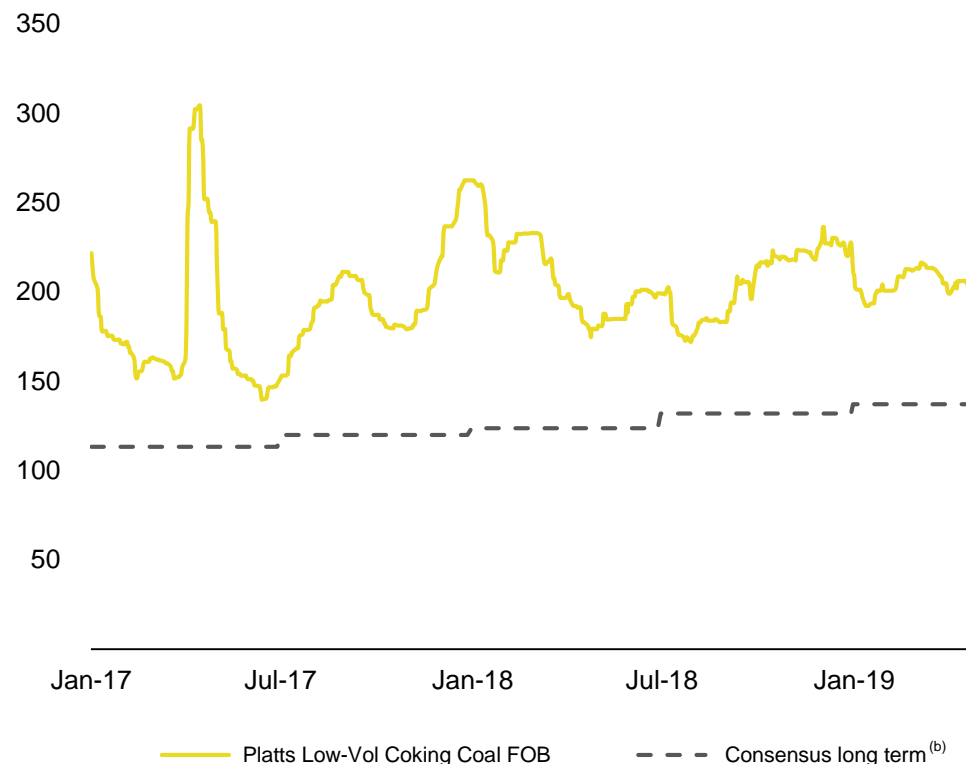
Long run growth driven by India and other emerging Asian countries

Seaborne metallurgical coal cash cost curve (CY19)^(a)
(US\$/t, FOB)



Source: Wood Mackenzie

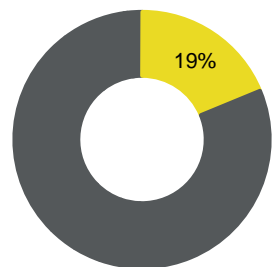
Metallurgical coal price
(US\$/t)



Notes:
 a. Quality unadjusted basis.
 b. Long term consensus estimates based on a selection of brokers which includes: Barclays, BMO Capital, Bank of America Merrill Lynch, Canaccord, Citi, Credit Suisse, Deutsche Bank, Dundee, HSBC, Investec, Jefferies, JP Morgan, Macquarie, Morgan Stanley, National Bank, Raymond James, RBC, Scotia Bank, TD Securities and UBS.

Our metallurgical coal operations

H1 FY19 EBITDA contribution



■ Illawarra Metallurgical Coal

Positioned to benefit from recovery in Illawarra Metallurgical Coal production and Eagle Downs development option

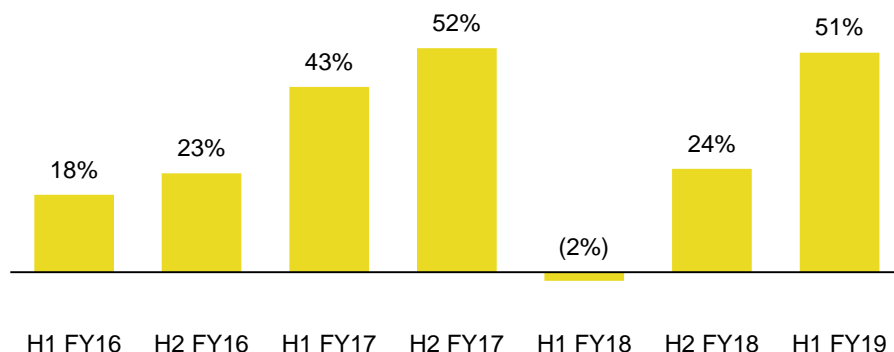
Illawarra Metallurgical Coal

- Appin and Dendrobium longwalls performed strongly in the nine months ended March 2019
- Targeting production of 6.5Mt in FY19 and 7Mt in FY20
- Focussed on achieving a substantial uplift in development rates at Appin to sustain two longwalls in parallel from H2 FY20
- Dendrobium next domain project progressed to feasibility

Eagle Downs Metallurgical Coal development project

- 50% interest and operatorship
- 1.1Bt^(a) Coal Resource in the Bowen Basin, Queensland
- Fully permitted, partially developed mine
- Review of existing development plan completed in H1 FY19
- Final investment decision scheduled for the December 2020 half year

Operating margin (Illawarra Metallurgical Coal)



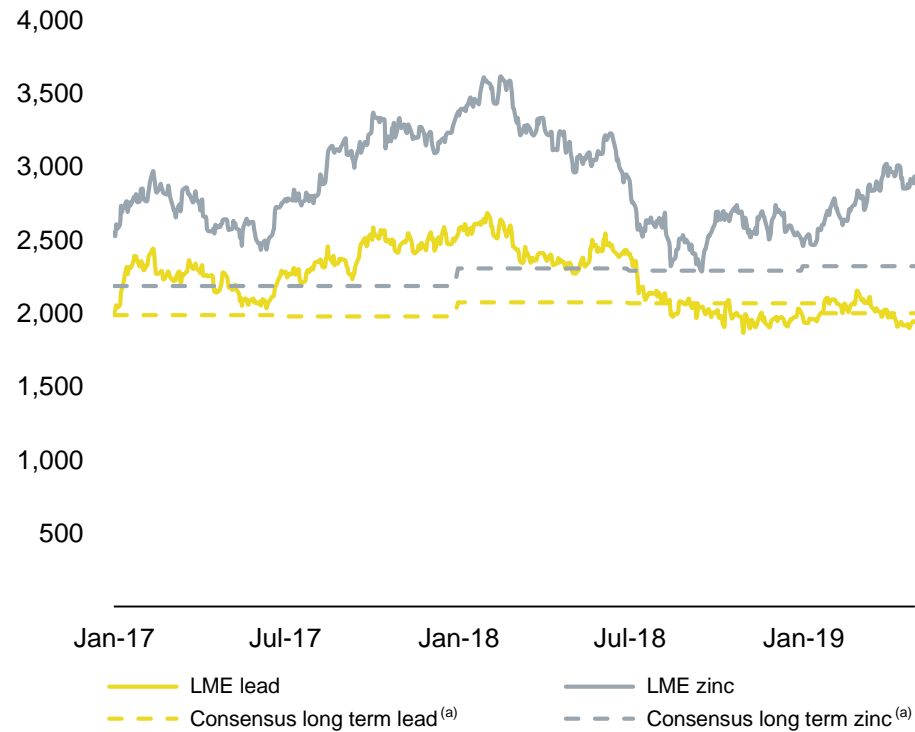
Notes:

a. Refer to important notices (slide 2) for additional disclosure.

New zinc supply required due to depletion of existing resources

Hermosa has lowest inducement cost of identified greenfield zinc-lead projects

Zinc and lead prices (US\$/t)



Zinc cash cost curve (induced CY27) (US\$/t net of credits)

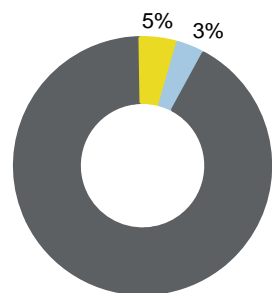


Source: London Metal Exchange

Source: Wood Mackenzie

Notes:
 a. Long term consensus estimates based on a selection of brokers which includes: Barclays, BMO Capital, Bank of America Merrill Lynch, Canaccord, Citi, Credit Suisse, Deutsche Bank, Dundee, HSBC, Investec, Jefferies, JP Morgan, Macquarie, Morgan Stanley, National Bank, Raymond James, RBC, Renaissance Capital, Scotia Bank, SMBC, TD Securities and UBS.

H1 FY19 EBITDA contribution



■ Cannington
■ Cerro Matoso

Expect to grow our base metals exposure over time with Hermosa development option and exploration partnerships

Cannington

- Studying options to bring the open pit life extension project forward, utilising spare capacity in the mill

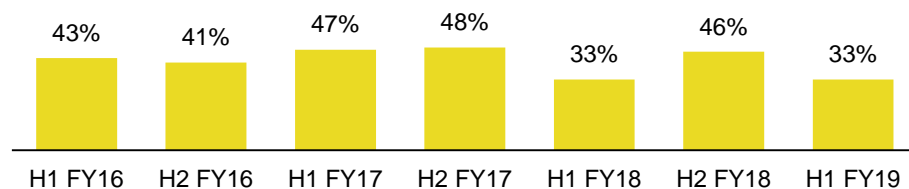
Cerro Matoso

- Further improvement in plant utilisation to partially offset the expected decline in grade
- Brownfield exploration ongoing to identify additional higher grade mineralisation

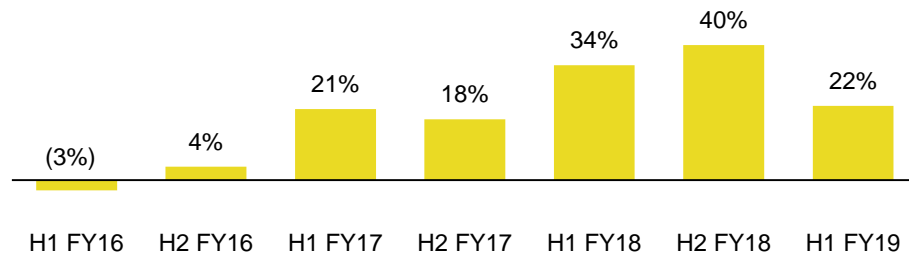
Hermosa development option

- Progressing studies, exploration drilling and infrastructure build
- On track to declare a Mineral Resource in accordance with the JORC Code^(a) during June 2019
- Regional exploration targets identified for future drilling

Operating margin (Cannington)



Operating margin (Cerro Matoso)



Notes:

a. Refer to important notices (slide 2) for additional disclosure.

Further reshape and improve our portfolio

Industry leading positions in manganese ore and alumina

Complete South Africa Energy Coal divestment

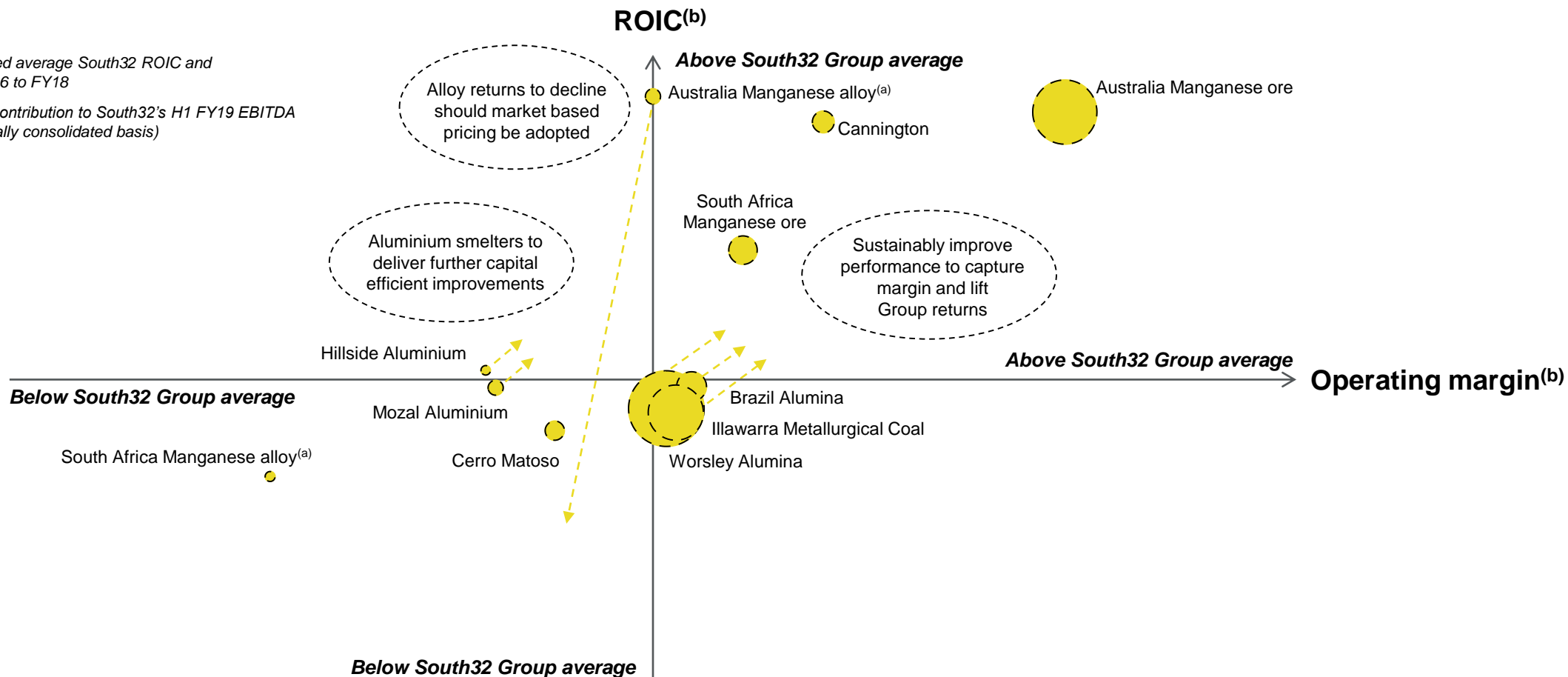
Advance studies for development options

Embed further growth options from exploration partnerships

Review options for manganese alloy smelters

Centre point shows weighted average South32 ROIC and Operating margin from FY16 to FY18

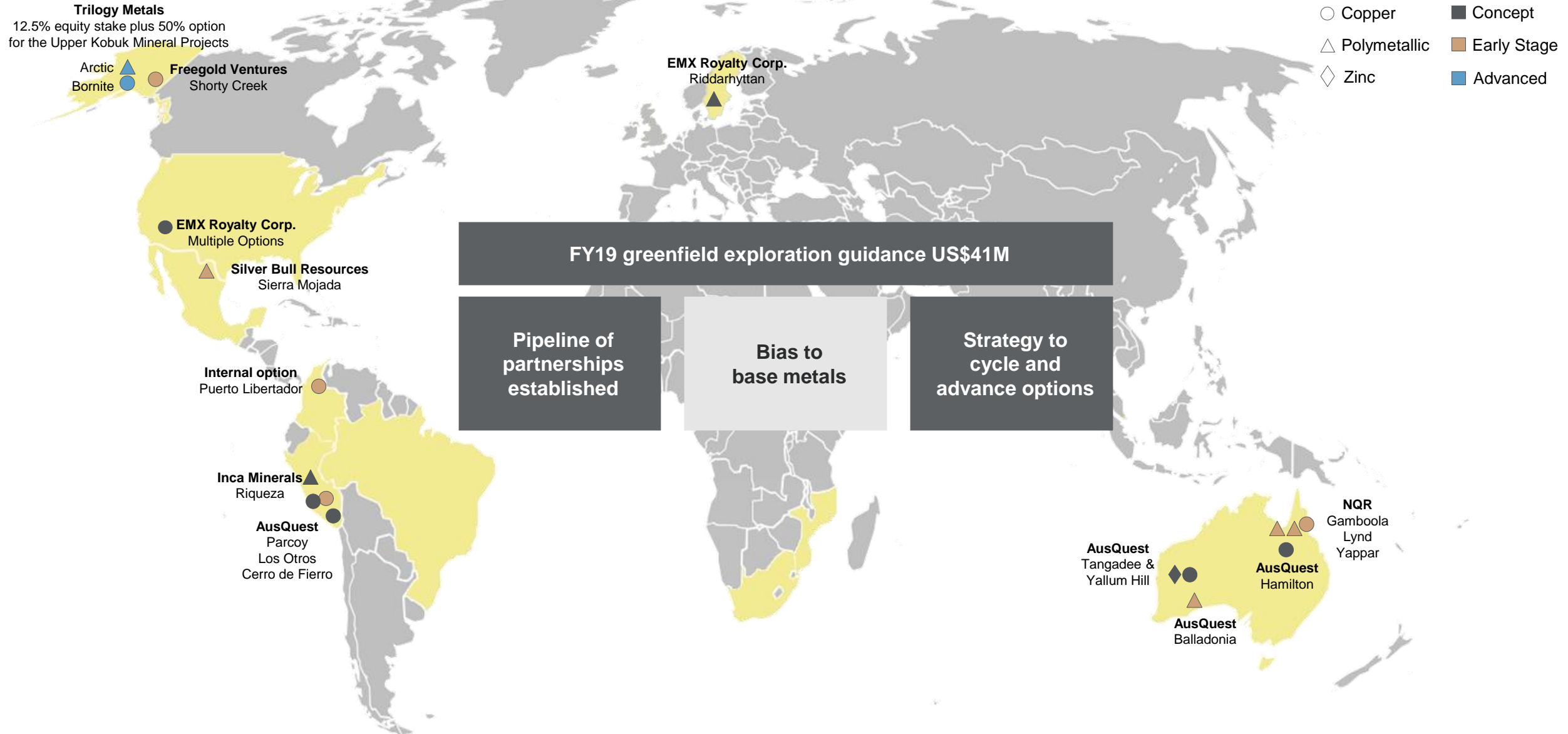
Size of bubble represents contribution to South32's H1 FY19 EBITDA (presented on a proportionally consolidated basis)



Notes:

- a. Manganese ore sold to alloy operations on internal commercial terms.
- b. ROIC represents the weighted three year average of return on invested capital from FY16 to FY18. Operating margin represents the weighted three year average of Operating margin from FY16 to FY18.

Our exploration footprint



**Consistently apply
our strategy**

**Sustainably improve our
operating performance**

**Continue to embed
high quality options**

**Complete South Africa
Energy Coal divestment**

**Further reshape and
improve our portfolio**

**Maintain
capital discipline**

