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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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, Operating margin 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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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 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.
Overview

- 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

- **Optimisation of existing operations ongoing**
  - Hermosa
  - Cerro Matoso
    - Developed La Esmeralda resource
  - Brazil Alumina
    - Completed De-bottlenecking Phase 1 project and approved study to extend bauxite mine life
  - South Africa Energy Coal
  - Mozal Aluminium
    - Approved AP3XLE energy efficiency project

- **Life extension options advanced**
  - South Africa Manganese ore
    - Reconfigured operation, enabling flexibility to respond to changes in market demand
  - Metalloys
  - Hillside Aluminium
    - Completed negotiations to restructure workforce

- **Pipeline of exploration partnerships established**
  - South Africa Manganese ore
  - Metallurgical Coal
    - Appin recovery plan on track, Dendrobium next domain in feasibility
  - Worsley Alumina
    - Accessed West Marradong bauxite resource, reducing caustic consumption rates

- **Acquisitions of Hermosa and Eagle Downs completed**
  - Acquisitions of Hermosa and Eagle Downs completed
  - Optimisation of existing operations ongoing
  - Upstream operations
  - Downstream processing facilities
  - Divestment in progress
  - Development options
  - Life extension options advanced
Shareholder returns

Our capital management framework remains unchanged

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

ROIC

- Competition for excess capital
  - Investment in the business
  - Acquisitions
  - Greenfield exploration
  - Share buy-backs
  - Special dividends

- Distribute a minimum 40% of Underlying earnings as ordinary dividends

- Maintain safe and reliable operations and an investment grade credit rating through the cycle

Maximise cash flow

Cash flow priorities

Shareholder returns

US$726M

Net cash as at 31 March (b)

US$2.4B shareholder returns by type (US$M)

- Includes US$360M of shareholder returns made post 31 March 2019 comprising:
  - Ordinary dividend (US$256M)
  - Special dividend (US$85M)
  - On-market share buy-back (US$19M)

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.
Manganese market

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

Manganese ore trade flows
(Mt, Mn content unadjusted)

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

Source: GTIS, South32 Industry Analysis

Notes:
1. CY19 based on March 2019 YTD annualised.
2. 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.

Chinese imports increased by ~60% between CY16 and CY18
Our manganese operations

H1 FY19 EBITDA contribution(a)

- **30%** Manganese ore
- **2%** Manganese alloy

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

### Operating margin (Australia Manganese ore)

<table>
<thead>
<tr>
<th></th>
<th>H1 FY16</th>
<th>H2 FY16</th>
<th>H1 FY17</th>
<th>H2 FY17</th>
<th>H1 FY18</th>
<th>H2 FY18</th>
<th>H1 FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>42%</td>
<td>39%</td>
<td>66%</td>
<td>66%</td>
<td>68%</td>
<td>69%</td>
<td>71%</td>
</tr>
</tbody>
</table>

Australia Manganese ore

- Unit costs have remained steady, despite an increase in strip ratio
- Pursuing further optimisation of the PC02 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)

### Operating margin (South Africa Manganese ore)

<table>
<thead>
<tr>
<th></th>
<th>H1 FY16</th>
<th>H2 FY16</th>
<th>H1 FY17</th>
<th>H2 FY17</th>
<th>H1 FY18</th>
<th>H2 FY18</th>
<th>H1 FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(12%)</td>
<td>23%</td>
<td>43%</td>
<td>41%</td>
<td>43%</td>
<td>46%</td>
<td>48%</td>
</tr>
</tbody>
</table>

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

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**Notes:**

a. Presented on a proportionally consolidated basis.

b. South32 analysis. CY18 data presented on a 100% basis.
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; %)

Alumina price
(US$/t)

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, JPMorgan, Macquarie, Morgan Stanley, RBC, Renaissance, SMBC and UBS.

b. Sources: LME, Baininfo, 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

- First quarter alumina refineries producing ~5.1Mt in FY19e, including ~3.2Mtpa directed to Atlantic and Pacific merchant markets

Operating margin (Alumina)

- Worsley Alumina: 34%, 24%, 39%, 37%, 40%
- Brazil Alumina: 16%, 24%, 39%, 37%, 42%

Operating margin (Aluminium)

- Hillside Aluminium: 9%, 17%, 20%, 23%, 21%
- Mozal Aluminium: 4%, 12%, 18%, 24%, 15%

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 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

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)\(^{(a)}\)

<table>
<thead>
<tr>
<th>Country</th>
<th>Cost (US$/t, FOB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td></td>
</tr>
<tr>
<td>Mozambique</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

Source: Wood Mackenzie

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**

<table>
<thead>
<tr>
<th></th>
<th>H1 FY16</th>
<th>H2 FY16</th>
<th>H1 FY17</th>
<th>H2 FY17</th>
<th>H1 FY18</th>
<th>H2 FY18</th>
<th>H1 FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illawarra Metallurgical Coal</td>
<td>18%</td>
<td>23%</td>
<td>43%</td>
<td>52%</td>
<td>(2%)</td>
<td>24%</td>
<td>51%</td>
</tr>
</tbody>
</table>

**Operating margin (Illawarra Metallurgical Coal)**

**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

Notes:

- Refer to important notices (slide 2) for additional disclosure.
Zinc and lead markets

New zinc supply required due to depletion of existing resources

Zinc and lead prices
(US$/t)

<table>
<thead>
<tr>
<th>Jan-17</th>
<th>Jul-17</th>
<th>Jan-18</th>
<th>Jul-18</th>
<th>Jan-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>LME lead</td>
<td>Consensus long term lead</td>
<td>LME zinc</td>
<td>Consensus long term zinc</td>
<td></td>
</tr>
</tbody>
</table>

Source: London Metal Exchange

Notes:
- 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, JPMorgan, Macquarie, Morgan Stanley, National Bank, Raymond James, RBC, Renaissance Capital, Scotia Bank, SMBC, TD Securities and UBS.

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

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

Source: Wood Mackenzie
**Base metals operations**

**H1 FY19 EBITDA contribution**

- Cannington: 5%
- Cerro Matoso: 3%

**Operating margin (Cannington)**

<table>
<thead>
<tr>
<th></th>
<th>H1 FY16</th>
<th>H2 FY16</th>
<th>H1 FY17</th>
<th>H2 FY17</th>
<th>H1 FY18</th>
<th>H2 FY18</th>
<th>H1 FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cannington</td>
<td>43%</td>
<td>41%</td>
<td>47%</td>
<td>48%</td>
<td>33%</td>
<td>46%</td>
<td>33%</td>
</tr>
</tbody>
</table>

**Operating margin (Cerro Matoso)**

<table>
<thead>
<tr>
<th></th>
<th>H1 FY16</th>
<th>H2 FY16</th>
<th>H1 FY17</th>
<th>H2 FY17</th>
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<th>H2 FY18</th>
<th>H1 FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3%)</td>
<td>4%</td>
<td>21%</td>
<td>18%</td>
<td>34%</td>
<td>40%</td>
<td>22%</td>
<td></td>
</tr>
</tbody>
</table>

**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

**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

Trilogy Metals
12.5% equity stake plus 50% option for the Upper Kobuk Mineral Projects

Silver Bull Resources
Sierra Mojada

Internal option
Puerto Libertador

Inca Minerals
Riqueza

AusQuest
Parcay
Los Otros
Cerro de Fierro

EMX Royalty Corp.
Multiple Options

FY19 greenfield exploration guidance US$41M

Bias to base metals

Strategy to cycle and advance options

Pipeline of partnerships established

Copper
Polymetallic
Zinc
Early Stage
Concept
Advanced

Arctic
Bornite
Freegold Ventures
Shorty Creek

EMX Royalty Corp.
Roddarhyttan

AusQuest
Tangadee & Yallum Hill

AusQuest
Balladonia

AusQuest
Hamilton

NQR
Gamboola
Lynd
Yappar

AusQuest
Hamilton

Lynd
Yappar
Summary

- 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