SOUTH32

22 May 2015

South32
Level 32 Brookfield Place
125 St Georges Terrace
Perth Western Australia
6000 Australia
south32.net

THIS IS NOT A PROSPECTUS. YOUR ATTENTION IS DRAWN TO THE IMPORTANT INFORMATION BELOW.

SOUTH32 LIMITED CREDIT RATINGS

South32 Limited advises that Moody's Investors Service and Standard and Poor's Ratings Services have assigned long term and short term credit ratings for South32 Limited. A copy of each press release is attached.

IMPORTANT INFORMATION

This release is not a prospectus or listing document in any jurisdiction but constitutes an advertisement in relation to South32 Limited ("South32") for the purposes of the UK Prospectus Rules.

Any investment decision in relation to South32 should be made only on the basis of the information contained in the Listing Document for the relevant jurisdiction. The "Listing Documents", which are available, subject to applicable securities laws, on the BHP Billiton website at www.bhpbilliton.com/demerger, comprise a prospectus which has been approved by the UK Listing Authority in connection with the proposed admission of South32's ordinary shares to the standard listing segment of the Official List of the UK Financial Conduct Authority and to trading on the Main Market for listed securities of London Stock Exchange plc, an information memorandum in connection with South32's application for the admission of its ordinary shares to listing on the Australian Securities Exchange and a pre-listing statement in connection with South32's application for the admission of its ordinary shares to listing on the Johannesburg Stock Exchange. Subject to applicable securities laws, BHP Billiton shareholders may obtain printed copies of the Listing Document applicable to their jurisdiction free of charge by calling the Shareholder Information Line (details set out in section 3.9 of the Listing Documents).

Nothing in this release should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities in South32 in any jurisdiction, or be treated or relied upon as a recommendation or advice by South32.

Media Relations	**Investor Relations**
Steven Blaney **+61 8 6321 1641** **+61 (0) 487 349 548** **Steven.Blaney@bhpbilliton.com**	**Peter Harris** **+61 8 6321 9954** **+61 (0) 476 559 190** **Peter.Harris3@bhpbilliton.com**
Jill Thomas **+61 8 6321 0673** **+61 (0) 423 259 190** **Jill.Thomas@bhpbilliton.com**	

Further information on South32 Limited can be found at: www.South32.net. Further information about the demerger can be found at: www.bhpbilliton.com/demerger.

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns first time Baa1/P-2 ratings to South32

Global Credit Research - 22 May 2015

Sydney, May 22, 2015 -- Moody's Investors Service has assigned a Baa1 issuer rating and a short-term issuer rating of P-2 to South32 Limited. At the same time, Moody's has also assigned a P-2 rating to the commercial paper program entered into by South32 Limited and South32 Treasury (USA) Limited (co-issuer, and wholly owned finance subsidiary). The outlook on South32 Limited's ratings is stable.

This is the first time that Moody's has assigned ratings to South32.

South32 is the newly-formed entity that has been demerged from the BHP Billiton group.

RATINGS RATIONALE

"The Baa1/P-2 ratings reflect South32's position as a substantial diversified mining company, benefitting from solid product, operational, and geographic diversity", says Matthew Moore, a Moody's Vice President -- Senior Analyst. "At the same time the rating reflects South32's low cost operations, relatively low capital expenditure requirements, and our expectation that the company will maintain a conservative financial profile with low financial leverage and absolute debt levels over the next 12-to-24 months", adds Moore.

"The rating is constrained by the company's exposure to volatile commodity prices and demand, with several of its commodities expected to continue to face pricing pressures over the next 12-to-24 months" adds Moore.

South32's stable outlook reflects our expectation that the company will continue to pursue a conservative financial profile and that commodity prices will remain at levels that will allow South32 to generate sufficient earnings and cash flow to sustain credit metrics that will remain at strong levels for the rating over the next 12-to-24 months.

"Under our base case sensitivities for commodity prices, we expect that South32 will maintain very strong credit metrics for the rating over the next 12-to-24 months with adjusted debt-to-EBITDA likely to be less than 1.0x and CFO (minus dividends)-to-debt above 90%" says Moore, adding "this compares to Moody's tolerance level for the rating of maintaining adjusted debt-to-EBITDA below 2.25x and CFO (minus dividends)-to-debt above 35%. We expect that South32 will over time pursue growth opportunities that could involve an increase in financial leverage, but the rating incorporates our expectation that the company will be committed to maintaining its financial profile at a level that would continue to support its Baa1/P-2 ratings.

South32 has a solid business profile characterized by significant operational and product diversity with 10 commodities produced and solid market positions across each of those commodities. The company is diversified geographically by revenue generation and end customer. The company's production is spread across five countries with the largest contributions from Australia and South Africa and with no end market representing more than 12% of revenue generation in FY14. Although South32 is a mid-tier mining company by scale as measured by group revenue and EBITDA, the company's operations still have significant scale within their respective commodities and benefit from established infrastructure with sizable and high quality reserves and resources.

We expect South32 to maintain solid liquidity levels for the rating. We expect the company to have USD650 million of cash on its opening balance sheet and generate annual cash flow from operations for the next 12-to-24 months of around USD1.4-1.8 billion. This will be more than adequate to cover our expectations for cash outflows, primarily capital expenditures and dividends, over the period. In addition to cash on hand and cash flow generation, South32 will also benefit from a USD1.5 billion five year syndicated revolving credit facility.

Given South32's position as a new operating entity and the soft near term outlook for several of the commodities it produces, we do not expect the ratings to be upgraded over the next 12-to-24 months. Beyond this the ratings could be upgraded if South32 is able to maintain stable production levels and improvements in its cost position such that we expect the company to sustain credit metrics indicative of higher ratings. This includes maintaining adjusted debt-to-EBITDA below 1.5x and CFO (minus dividends)-to-debt above 45% through the cycle. We would also expect EBIT margins to improve to above 20% on a sustained basis and for South32 to remain free cash flow positive to consider an upgrade.

The ratings could be downgraded if commodity prices decline beyond our current expectations causing margins and cash flow to decline to levels that lead to significant credit metric deterioration. Ratings could also be downgraded if the company embarks on large debt funded acquisitions or shareholder initiatives which pressure its credit metrics. Specifically, if debt-to-EBITDA is sustained above 2.25x or if CFO (minus dividends)-to-Debt falls below 35%.

The principal methodology used in these ratings was Global Mining Industry published in August 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

South32 is a globally diverse metals and mining company with a portfolio of assets producing alumina, aluminium, metallurgical coal, energy coal, manganese ore and alloy, nickel, silver, lead and zinc. Headquartered in Perth, Australia, South32 also has a regional head office and global shared services centre located in Johannesburg, South Africa.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this rating action, and whose ratings may change as a result of this rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Matthew Moore
Vice President - Senior Analyst
Corporate Finance Group
Moody's Investors Service Pty. Ltd.
Level 10
1 O'Connell Street
Sydney NSW 2000
Australia
JOURNALISTS: (612) 9270-8102
SUBSCRIBERS: (852) 3551-3077

Terry Fanous
MD - Infrastructure Finance
Corporate Finance Group
JOURNALISTS: (852) 3758 -1350
SUBSCRIBERS: (852) 3551-3077

Releasing Office:
Moody's Investors Service Pty. Ltd.
Level 10

1 O'Connell Street
Sydney NSW 2000
Australia
JOURNALISTS: (612) 9270-8102
SUBSCRIBERS: (852) 3551-3077

RatingsDirect®

South32 Ltd. Assigned 'BBB+/A-2' Ratings On Strong Global Market Position; Outlook Stable

Primary Credit Analyst:
May Zhong, Melbourne (61) 3-9631-2164; may.zhong@standardandpoors.com

Secondary Contact:
Brenda E Wardlaw, Melbourne (61) 3-9631-2074; brenda.wardlaw@standardandpoors.com

MELBOURNE (Standard & Poor's) May 22, 2015--Standard & Poor's Ratings Services said today that it has assigned its 'BBB+/A-2' issuer credit ratings to Australia-based diversified miner South32 Ltd. The outlook on the rating is stable. At the same time, we assigned a 'BBB+' long-term rating to South32's US$1.5 billion, senior unsecured, syndicated bank facility, and 'A-2' short-term rating to its commercial paper.

South32 was demerged from BHP Billiton Ltd./ BHP Billiton PLC (BHP Billiton; A+/Negative/A-1) on May 18, 2015.

The 'BBB+/A-2' issuer credit ratings on South32 are based on our view of the company's "satisfactory" business risk profile and "modest" financial risk profile. Headquartered in Australia, South32 is a globally diversified metals and mining company with annual revenue of about US$10 billion and underlying EBITDA of about US$2 billion in the year ended June 30, 2014. Its diversified product portfolio includes alumina, aluminum, thermal and metallurgical coal, manganese ore and alloy, nickel, silver, lead, and zinc, with operations in Australia, Southern Africa, and South America.

"Underpinning South32's business risk profile are: the company's diversified portfolio, which includes 10 commodities and spans multiple countries; and its good cost position. In addition, the company has strong global market positions in manganese ore, silver, lead, and thermal coal in South Africa," said Standard & Poor's credit analyst May Zhong.

Tempering these strengths are: South32's relatively smaller scale compared to major global mining companies, exposure to higher operating risks in emerging countries, and the cyclical and capital-intensive nature of the mining industry.

Most of South32's assets are positioned at the lower half of the global cost curve. In addition, it is the world's largest producer of manganese ore and the second-largest producer of silver and lead. It's also the third-largest South African exporter of thermal coal. We believe the company's diversified commodity exposure provides some protection against price fluctuations for any given commodity. In fact, the group's EBITDA margin has been resilient, remaining at around 20% when commodity prices have been cyclically low during the past few years. This is well above the margin achieved by specialized aluminum or manganese producers during the same period. We expect South32's margin will improve gradually in the next few years, as we expect the company's productivity gains and savings from its regional operating model to lift its margins.

With revenues of about US$10 billion, South32 is smaller than mining giants like BHP Billiton, Rio Tinto PLC, and Anglo American PLC. However, it is more diversified than its global mid-size mining peers. In addition, for the six months ended Dec. 31, 2014, about 37% of its revenue is generated from South Africa and 19% from Brazil, Colombia, and Mozambique. We view South32's country risk exposure as higher than that of other diversified miners like BHP Billiton, Rio Tinto, and Teck Resources Ltd., but slightly better than Anglo American.

Our assessment of South32's financial risk profile incorporates our view of the company's low debt levels, strong liquidity, modest growth capital expenditure, and its commitment to maintaining its credit quality. With about US$1 billion on-balance-sheet debt (mostly finance leases) and another US$1.3 billion of debt-like obligations (operating leases and asset retirement obligations), South32 thus has very low initial leverage. As a result, our projection shows that South32's credit metrics will initially be well above our expectations for the 'BBB+' rating, providing the company with a sizable buffer to weather potential material weakening in commodity prices or to pursue growth opportunities. Ultimately, we expect South32 to maintain its funds from operations (FFO)-to-adjusted net debt ratio above 45% if it pursues its growth opportunities or capital-management initiatives.

Ms. Zhong added: "The stable outlook reflects the large buffer in the 'BBB+' rating as a result of South32's strong initial balance sheet, which should enable the company to withstand further weakening in the prices of its main commodities. To maintain the 'BBB+' rating, we would expect South32's adjusted FFO to debt to be comfortably above 45% and its free operating cash flow to continue to be positive."

Although less likely in the next two years, we could lower the rating if South32's adjusted FFO-to-debt ratio falls below 45% on a sustained basis.

This scenario could occur if there is a material weakening in the prices for its main commodities together with a major operational issue at one of its assets; or if it undertakes a sizable debt-funded acquisition or large development.

We view rating upside potential as unlikely due to South32's country risk exposure, and its relatively small scale compared to larger diversified global miners constrains potential upward assessment of its business risk profile.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Industrials: Key Credit Factors For The Metals And Mining Downstream Industry, Dec. 20, 2013
- Group Rating Methodology, Nov. 19, 2013
- Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Methodology: Industry Risk, Nov. 19, 2013
- General: Corporate Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

AUSTRALIA
Standard & Poor's (Australia) Pty. Ltd. holds Australian financial services licence number 337565 under the Corporations Act 2001. Standard & Poor's credit ratings and related research are not intended for and must not be distributed to any person in Australia other than a wholesale client (as defined in Chapter 7 of the Corporations Act).