

13 February 2020

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

2020 HALF YEAR FINANCIAL RESULTS PRESENTATION

South32 Limited (ASX, LSE, JSE: S32; ADR: SOUHY) (South32) will hold a conference call at 7.00am Australian Western Standard Time to discuss the attached 2020 half year financial results presentation materials, the details of which are as follows:

Conference ID: 2664197

Australia: 1 800 148 258 or 02 8038 5271

United States: 1 866 586 2813

South Africa: 0800 997 774

United Kingdom: 0800 056 9662

International: +61 2 8038 5271

A presentation is attached. Following the conference call a recording will be available on the South32 website (<https://www.south32.net/investors-media/investor-centre/financial-operational-results>).

Separately a video presentation by South32 Chief Executive Officer, Graham Kerr, will be made available on the South32 website (<https://www.south32.net/investors-media/investor-centre/financial-operational-results>).

About South32

South32 is a globally diversified mining and metals company. We produce bauxite, alumina, aluminium, energy and metallurgical coal, manganese, nickel, silver, lead and zinc at our operations in Australia, Southern Africa and South America. We are also the owner of a high grade zinc, lead and silver development option in North America and have several partnerships with junior explorers with a focus on base metals. Our purpose is to make a difference by developing natural resources, improving people's lives now and for generations to come, and to be trusted by our owners and partners to realise the potential of their resources.

Further Information

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

JSE Sponsor: UBS South Africa (Pty) Ltd
13 February 2020



2020 Half Year Financial Results

13 February 2020



This presentation should be read in conjunction with the “Financial Results and Outlook – half year ended 31 December 2019” announcement released on 13 February 2020, 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.

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 or statements of fact. 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. South32 makes no representation, assurance or guarantee as to the accuracy or likelihood or fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statement. 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.

NON-IFRS FINANCIAL INFORMATION

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.

NO OFFER OF SECURITIES

Nothing in this presentation should be read or understood as an offer or recommendation to buy or sell South32 securities, or be treated or relied upon as a recommendation or advice by South32.

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NO FINANCIAL OR INVESTMENT ADVICE – SOUTH AFRICA

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.

MINERAL RESOURCES AND ORE RESERVES

The information that relates to the Mineral Resources of the Taylor Deposit was declared in the market announcement “Hermosa Project – Mineral Resource Declaration” dated 17 June 2019 (www.south32.net) based on information compiled by Matthew Readford, Competent Person. 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.

Information that relates to estimates of Mineral Resources for the Clark Deposit (formally the Central Deposit) of the Hermosa project are foreign estimates under ASX Listing Rules and are not reported in accordance with the JORC Code. 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 estimate or has the ability to verify the foreign estimate as a Mineral Resource in accordance with the JORC Code. South32 confirms that the supporting information contained in the clarifying statement in the 18 June 2018 market announcement continues to apply and has not materially changed. 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. During FY20 we have commenced a work program to increase confidence in the resource to ensure that resources are reported in accordance with the JORC Code.

Underlying EBITDA
US\$678M

Underlying earnings
US\$131M

Free cash flow^(a)
US\$284M

Net cash balance
US\$277M

US\$300M returned
to shareholders^(b)

Fully franked interim dividend US\$54M
Fully franked special dividend US\$54M
On-market share buy-back US\$192M

Capital management program
expanded by
US\$180M to US\$1.43B

US\$198M remaining
to be allocated

Conditional agreement to divest
South Africa Energy Coal^(c)

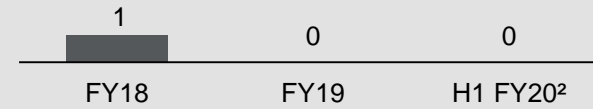
Ambler Metals Joint Venture
embeds another base metals
development option

Notes:

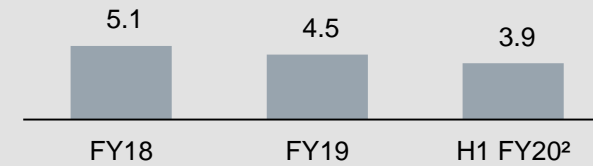
- a. Free cash flow from operations including net distributions from our manganese EAI.
- b. In respect of the December 2019 half year.
- c. Refer to the market announcement "Agreement to Divest South Africa Energy Coal" dated 6 November 2019.

Safety performance

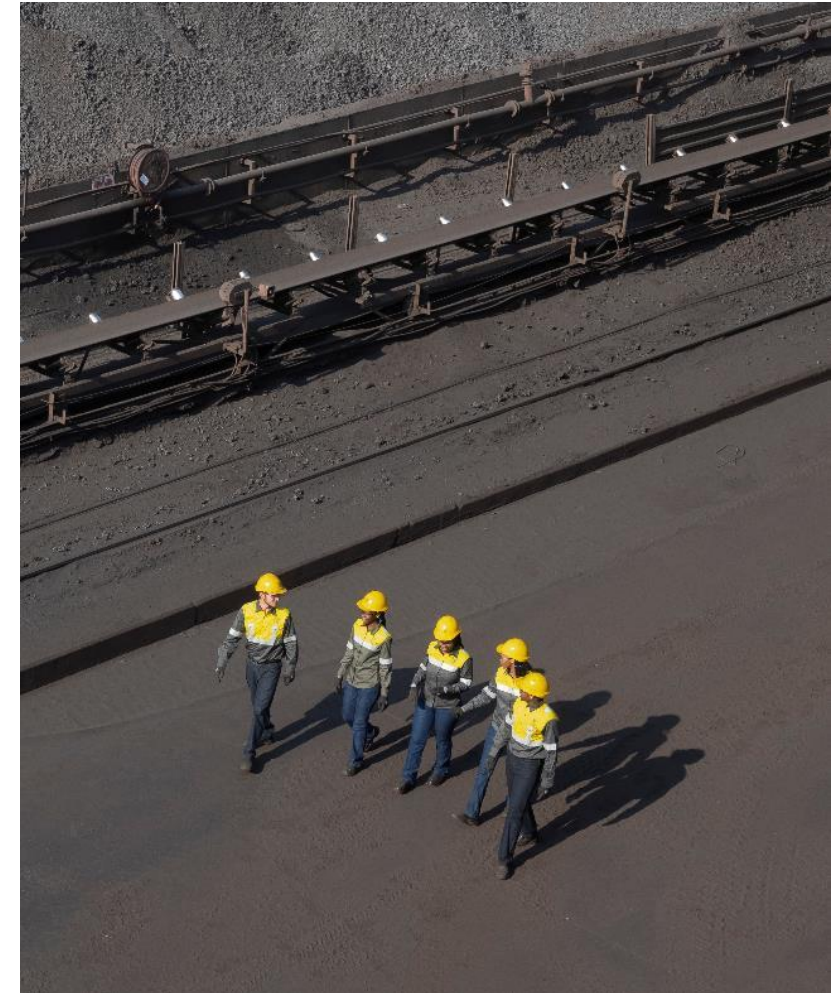
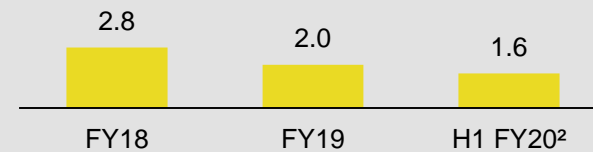
Fatalities^{1,3}



TRIF^{1,3}

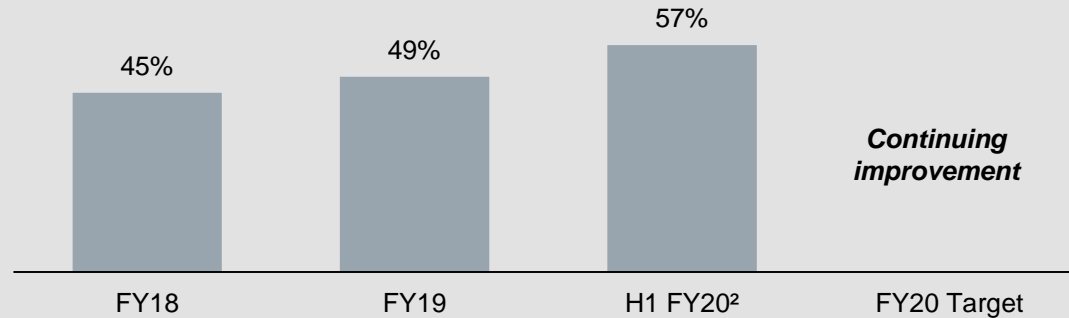


Employee Occupational Illness^{1,3}

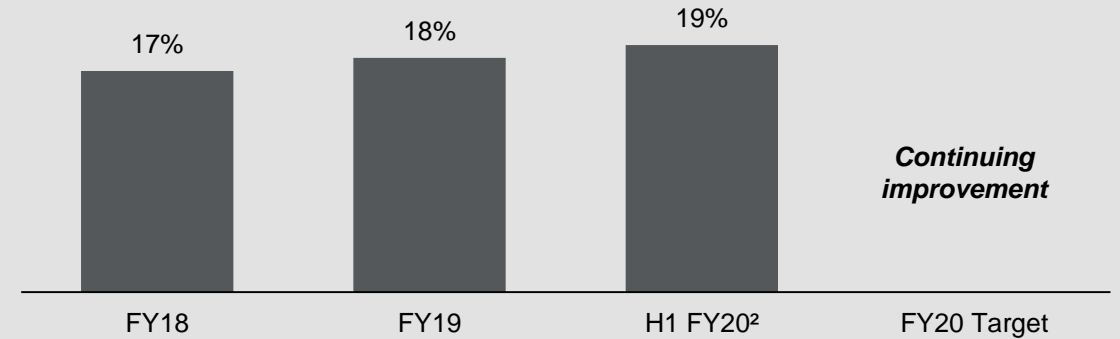


Workforce inclusion and diversity

Black People⁴ in our South African management team

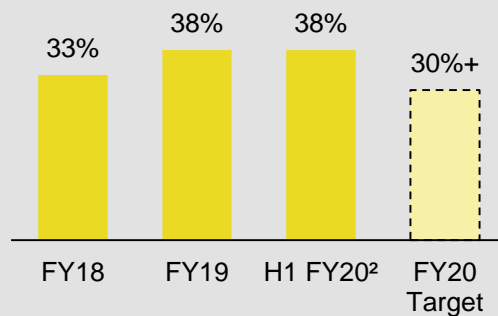


Women in our workforce

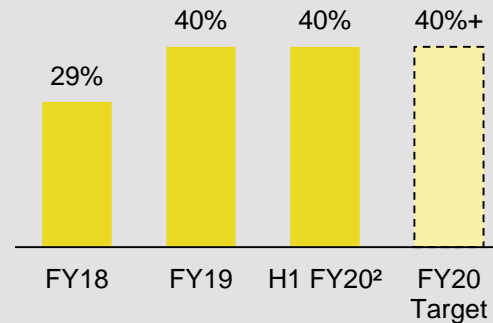


Women in leadership

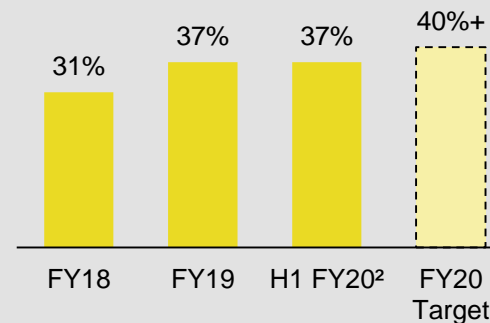
Board



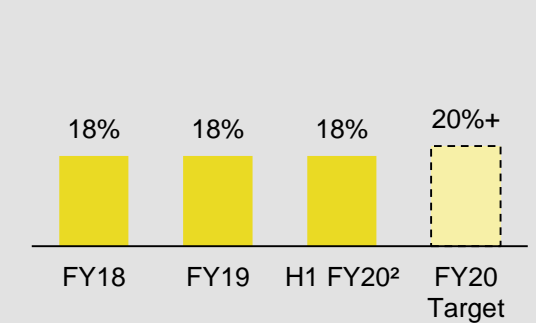
South32 Lead Team



Senior Leadership⁵

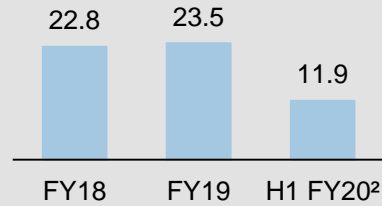


Operational Leadership⁶

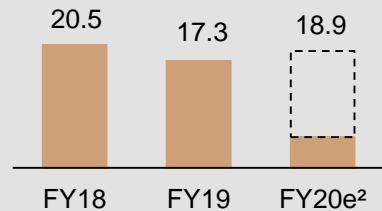


Sustainability performance and reporting

GHG emissions^{3,7} (Mt CO₂-e)



Community investment^{3,8} (US\$M)



We are on-track to meet our short term emissions reduction target

Reporting framework and commitments

- 2015**
 - Joined International Council on Mining & Metals
- 2016**
 - Aligned to Global Reporting Initiative (GRI) Sustainability Reporting Standards (core option)
 - Aligned to United Nations (UN) Sustainable Development Goals (SDGs)
 - Commenced reporting aligned to UK *Modern Slavery Act* 2015
 - Published inaugural "Our Approach to Climate Change"
 - Published inaugural Tax Transparency Report
- 2017**
 - Aligned to Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD)
- 2019**
 - Published inaugural "Our Approach to Water Stewardship"
 - Commenced reporting aligned to Australian *Modern Slavery Act* 2018
 - Joined UN Global Compact (UNGC)
 - Submitted to Global Tailings Portal

Key milestones

- 2016**
 - Set FY21 carbon emissions reduction targets, included in our Business Scorecard, linked to remuneration
 - Announced goal of net zero emissions by 2050, in alignment with the Paris Agreement
 - Completed Hillside Aluminium desalination plant
- 2017**
 - Contributed land at Illawarra Metallurgical Coal to protect biodiversity
 - Constructed Worsley Alumina non-potable water pipeline
- 2018**
 - Completed Mozal Aluminium desalination plant
- 2019**
 - Constructed Cannington 3MW solar farm
 - Commenced decarbonisation studies at Illawarra Metallurgical Coal and Worsley Alumina
 - Set water targets for the majority of our operations with material water risks
 - Completed voluntary remediation program at Hermosa
- 2021**
 - Planned release of our FY26 carbon emissions reduction target in accordance with our commitment to review every five years





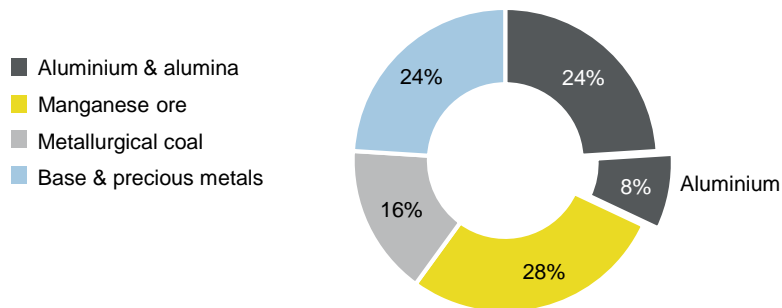
Performance and Guidance



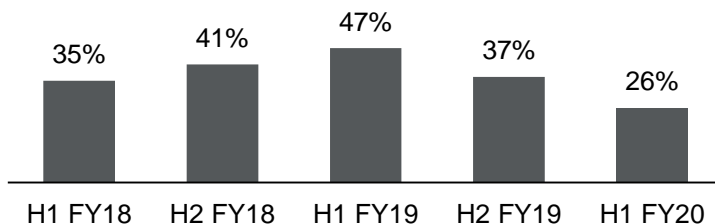
H1 FY20 performance update

Lower prices for our key commodities more than offset weaker producer currencies and the benefit of our strong operating result

H1 FY20 Underlying EBITDA contribution by commodity^{(a)(b)}



Alumina operating margin^(a)



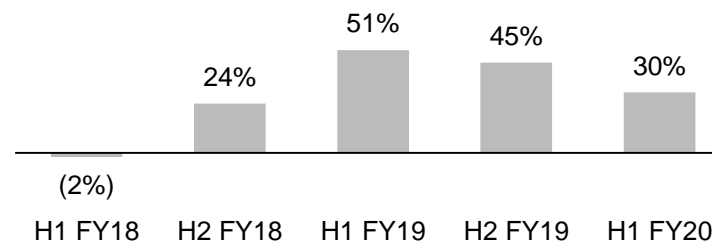
Priorities
Return Worsley to nameplate capacity and capture the benefits of Brazil Alumina's de-bottlenecking project

Aluminium operating margin



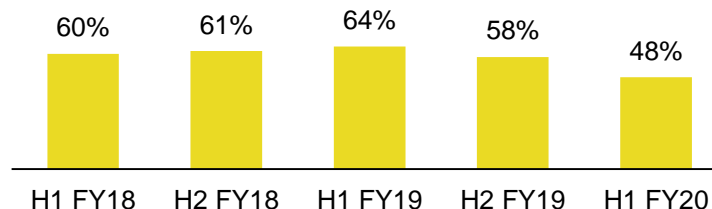
Priorities
Realise the benefits of Hillside's workforce restructure and continue to test the technical capacity of both smelters

Metallurgical coal operating margin^(b)



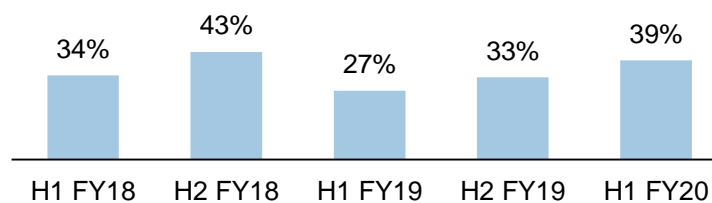
Priorities
Lift development rates in support of improved longwall performance

Manganese ore operating margin



Priorities
Adjust production in accordance with market conditions
Progress exploration in the Southern Areas at GEMCO

Base & precious metals operating margin

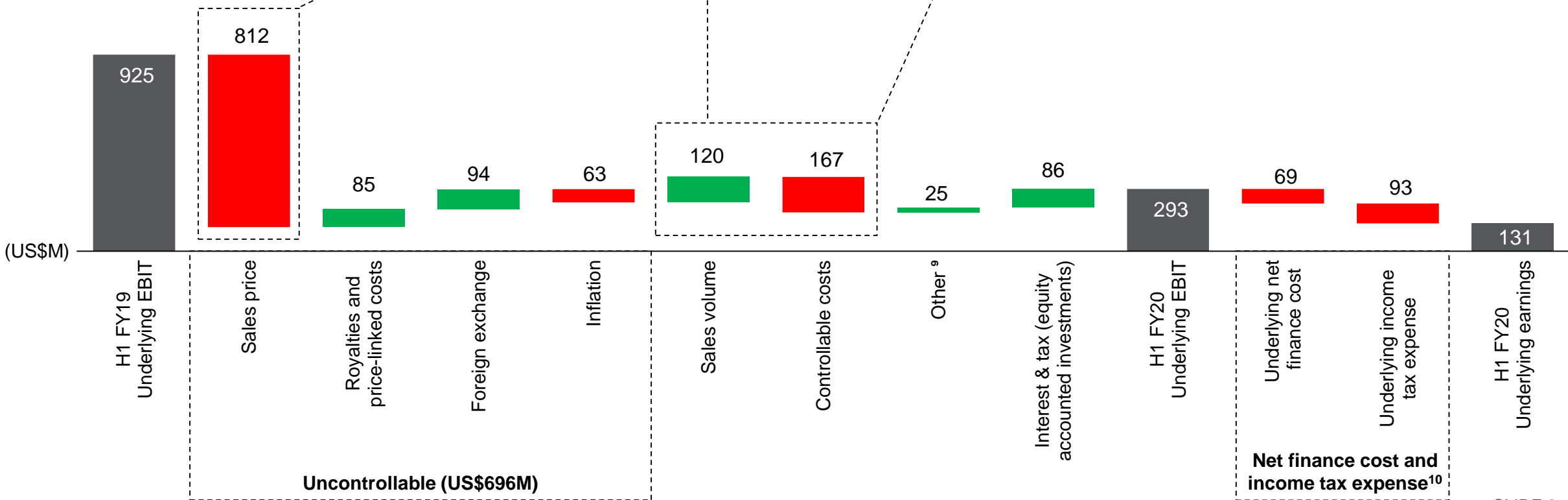
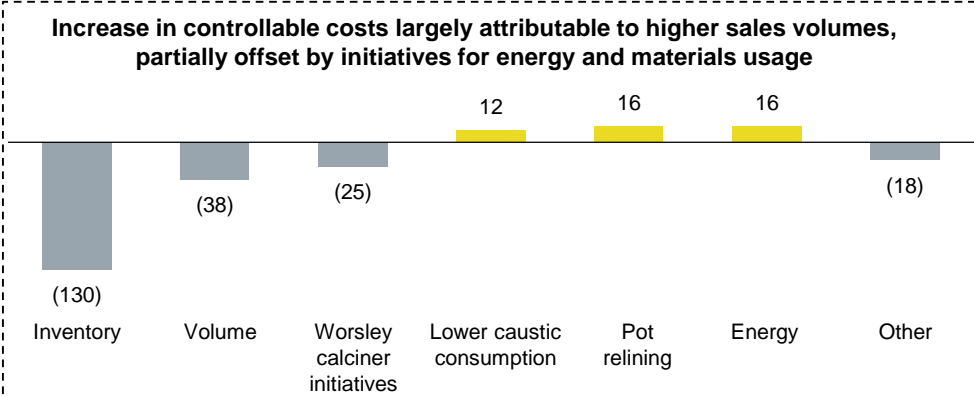
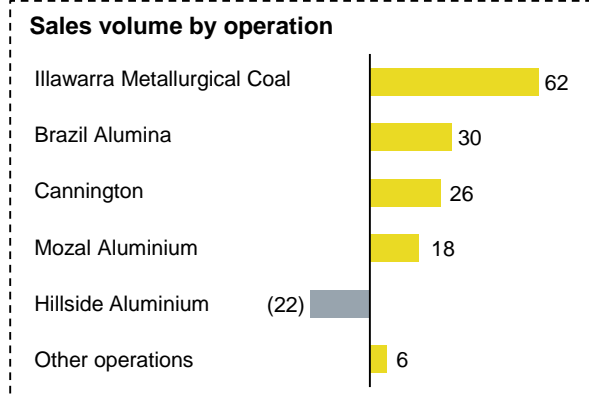
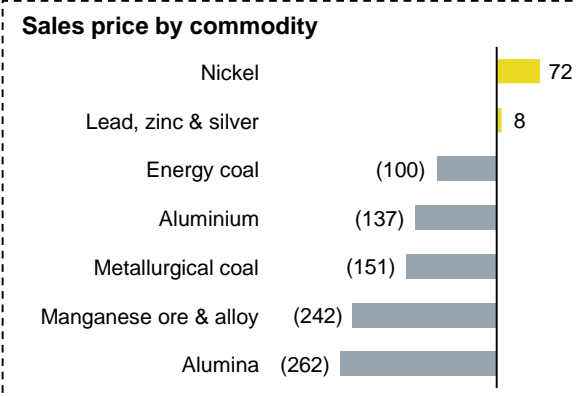


Priorities
Continue strong performance at Cerro Matoso and Cannington
Progress our development options to grow base metals exposure

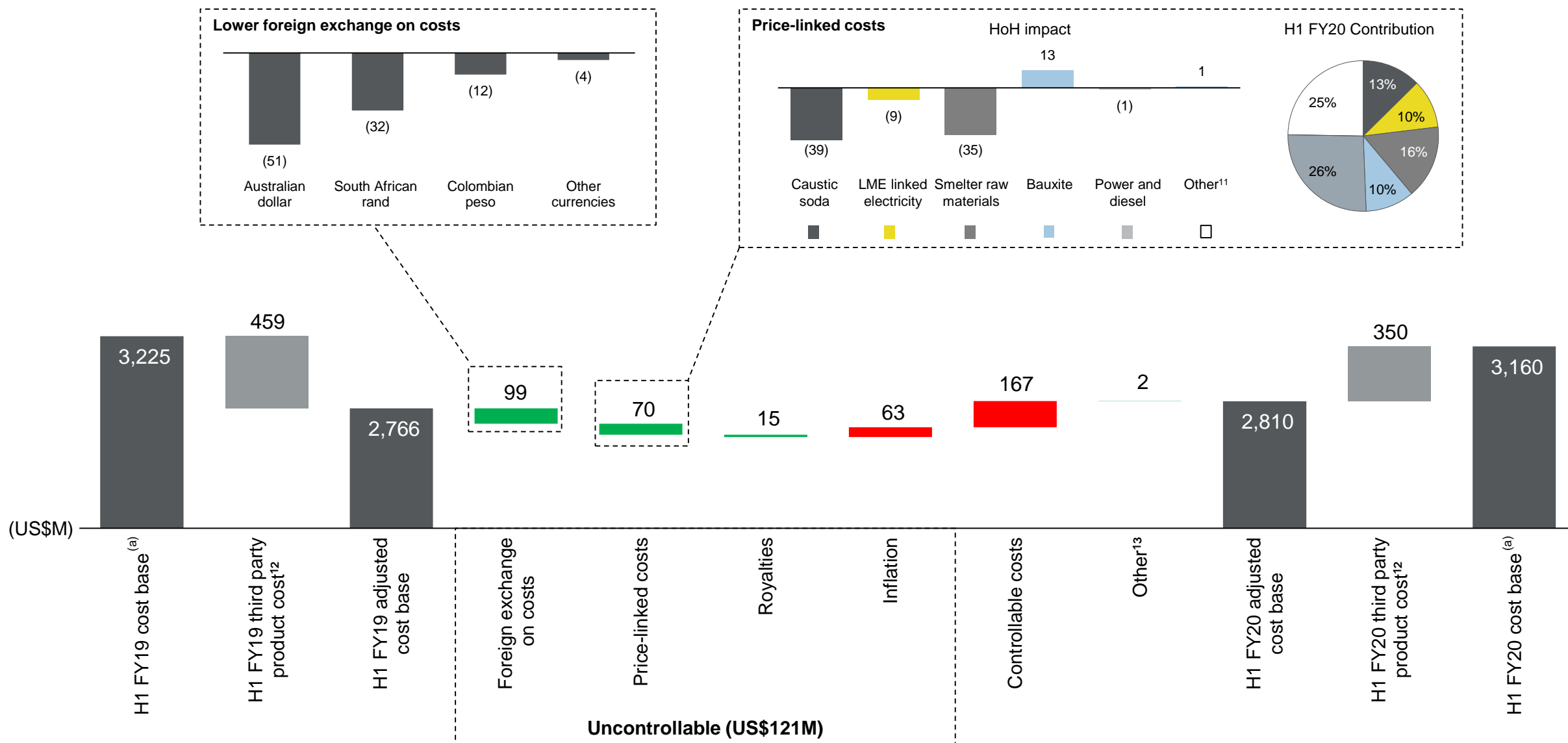
Notes:

- a. Presented on a proportionally consolidated basis and excludes South Africa Energy Coal, manganese alloys, the Brazil Alumina aluminium smelter, Hermosa and Group and unallocated costs.
- b. Metallurgical coal comprises Illawarra Metallurgical Coal, including energy coal by-product volumes.

Earnings analysis



Costs analysis









Notes:

a. Cost base includes EAI and excludes other income. H1 FY20 includes US\$451M of statutory adjustments and a US\$171M adjustment for other income and inter-segment manganese sales to reconcile to Revenue minus Underlying EBITDA (H1 FY19 includes US\$630M of statutory adjustments and a US\$89M adjustment for other income to reconcile to Revenue minus Underlying EBITDA).

Production performance and guidance

Production tracking on or ahead of plan for the majority of our operations

FY20e production
(South32's share)

Operation	Unit	Guidance		Key FY20 guidance assumptions
		FY20e	FY21e	
Worsley Alumina 	kt	3,965	3,965	Guidance unchanged Improvement in calciner availability and a drawdown of excess hydrate, notwithstanding calciner maintenance scheduled for Q3 FY20
Brazil Alumina (non-operated) 	kt	1,330	1,370	Guidance unchanged Continued realisation of De-bottlenecking Phase One benefits and maintenance scheduled for Q4 FY20
Hillside Aluminium 	kt	720	720	Guidance unchanged (subject to load-shedding) Smelters continue to test technical capacity despite the impact of load-shedding
Mozal Aluminium 	kt	273	273	Guidance unchanged (subject to market demand) Continue to operate PC02 circuit above nameplate capacity Wet season expected to impact production across H2 FY20
Australia Manganese – Ore 	kwmt	3,560	Subject to demand	Guidance unchanged (subject to market demand) Higher cost trucking has been reduced and we continue to monitor market conditions
South Africa Manganese – Ore 	kwmt	2,100	Subject to demand	

■ H1 production ▨ H2 guidance

Production performance and guidance

FY20e production (South32's share)

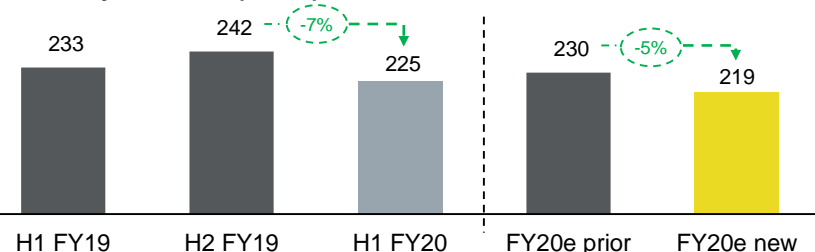
Operation		Unit	Guidance		Key FY20 guidance assumptions
			FY20e	FY21e	
Illawarra Metallurgical Coal					
Metallurgical coal	2,859	kt	5,800	6,800	Guidance unchanged Continued improvement in longwall performance and a longwall move scheduled at Dendrobium in Q3 FY20
Energy coal	836	kt	1,200	1,200	
Cerro Matoso					
Payable nickel	20.6	kt	35.6	37.4	Guidance unchanged Planned furnace outage in Q4 FY20
Ore to kiln	1,389	kdmT	2,500	2,750	
Cannington¹⁴					
Zinc equivalent	120.1	kt	221.0	213.7	Guidance unchanged Inventory drawn down to normalised levels following FY19 floods, enabling higher mill throughput in H1 FY20 Lower lead and silver grades expected in H2 FY20
Ore processed	1,394	kdmT	2,700	2,600	
South Africa Energy Coal					
Domestic coal	6,763	kt	15,300	Not provided	Guidance adjusted to bottom end of prior range and remains subject to market demand Continue to adjust volumes to maximise margins
Export coal	5,022	kt	10,700	Not provided	

■ H1 production □ H2 guidance

Operating unit costs performance and guidance

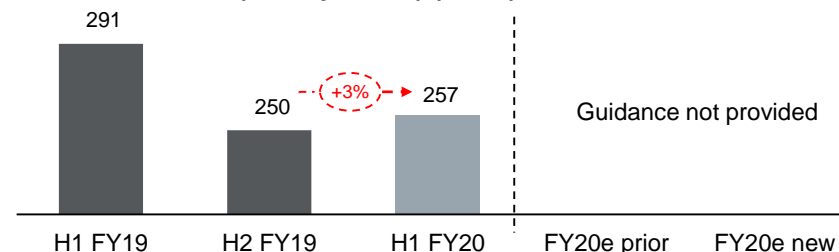
Broad appreciation of the US dollar and a strong operating performance has supported sequentially lower costs and reduced guidance

Worsley Alumina (US\$/t)



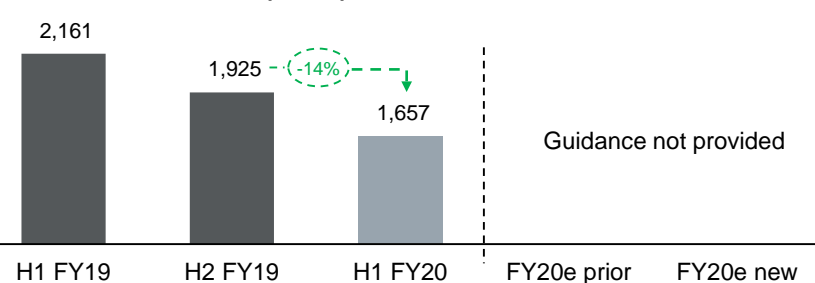
Lower caustic prices and consumption rates, combined with a weaker Australian dollar

Brazil Alumina (non-operated) (US\$/t)



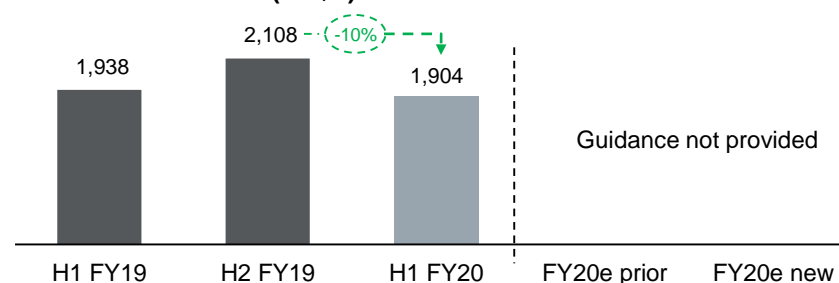
Higher volumes combined with lower caustic prices and consumption rates, offset by an increase in more expensive third party bauxite use

Hillside Aluminium (US\$/t)



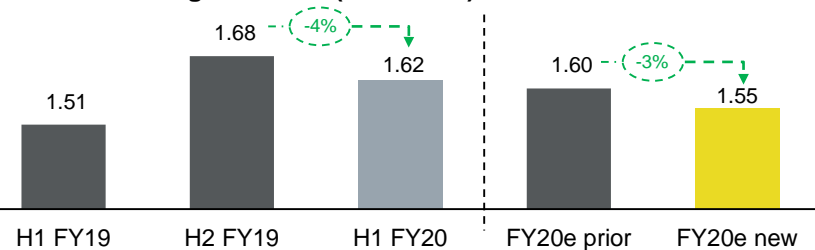
Lower raw material and energy prices combined with the benefits of the workforce restructure completed in June 2019

Mozal Aluminium (US\$/t)



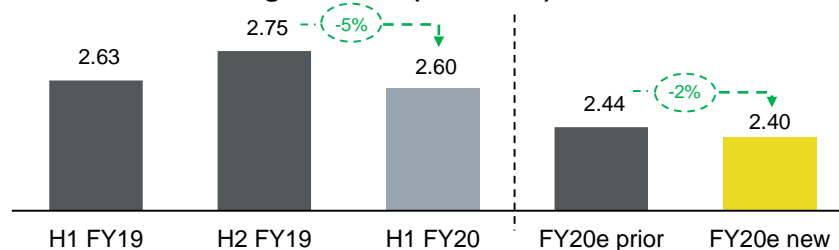
Lagged benefit of lower index prices for alumina supplied by Worsley Alumina to be realised in H2 FY20

Australia Manganese ore (US\$/dmu)



Improvement in equipment productivity from H1 FY20 and a weaker Australian dollar
H2 FY20 expected to be impacted by the wet season

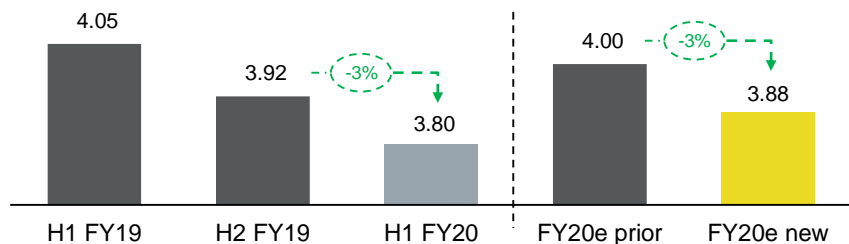
South Africa Manganese ore (US\$/dmu)



Stronger South African rand offset by reduced trucking in response to market conditions and lower priced-linked royalties

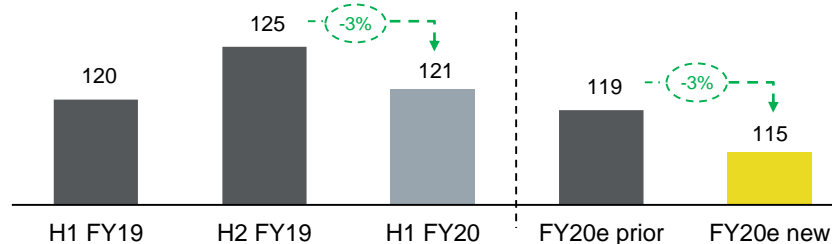
Operating unit costs performance and guidance

Cerro Matoso (US\$/lb)



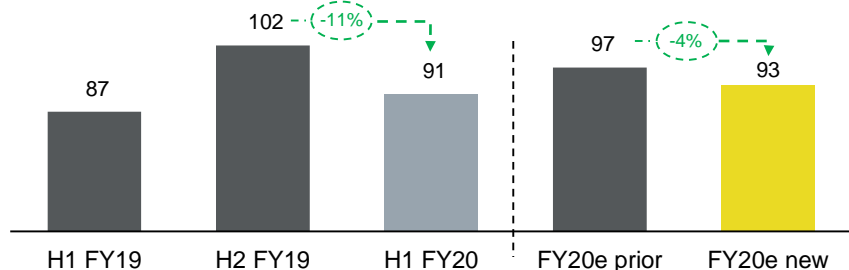
Strong operating performance, realisation of benefits from our energy procurement and usage approach, and a weaker Colombian peso

Cannington (US\$/t)



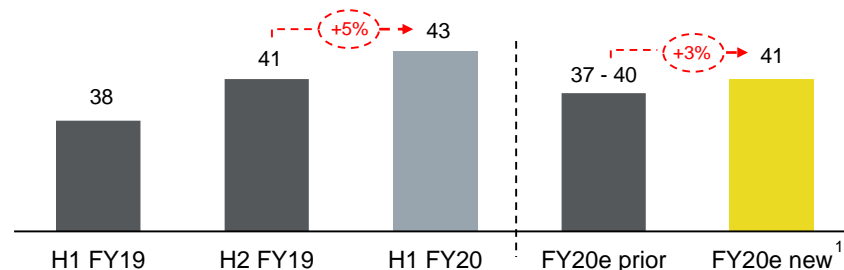
Mill throughput tracking ahead of plan in H1 FY20 combined with a weaker Australian dollar

Illawarra Metallurgical Coal (US\$/t)



Continued strong longwall performance, a weaker Australian dollar and lower price-linked royalties

South Africa Energy Coal (US\$/t)

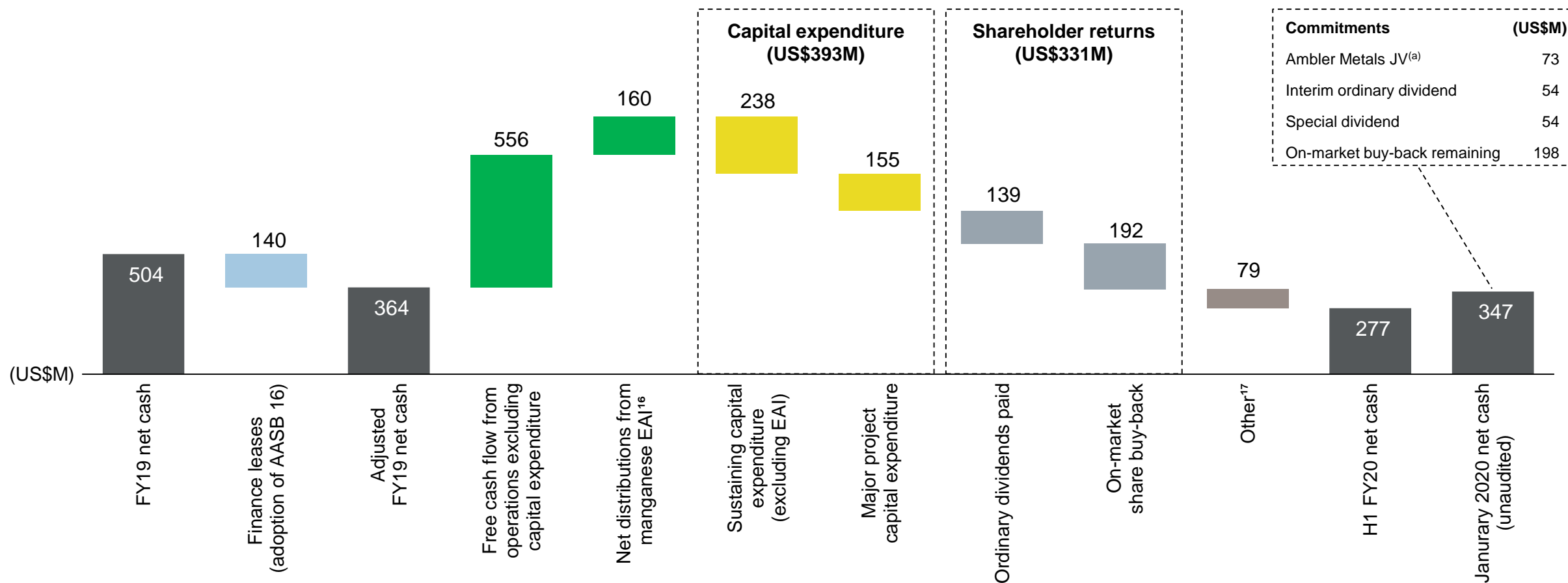


Stronger South African rand, lower sales volumes and the lagged realisation of benefits from contractor demobilisation

Guidance subject to market demand as we adjust volumes to maximise margins

Cash flow analysis

Our committed shareholder returns and investment in the Ambler Metals JV will be funded from cash on hand



Notes:

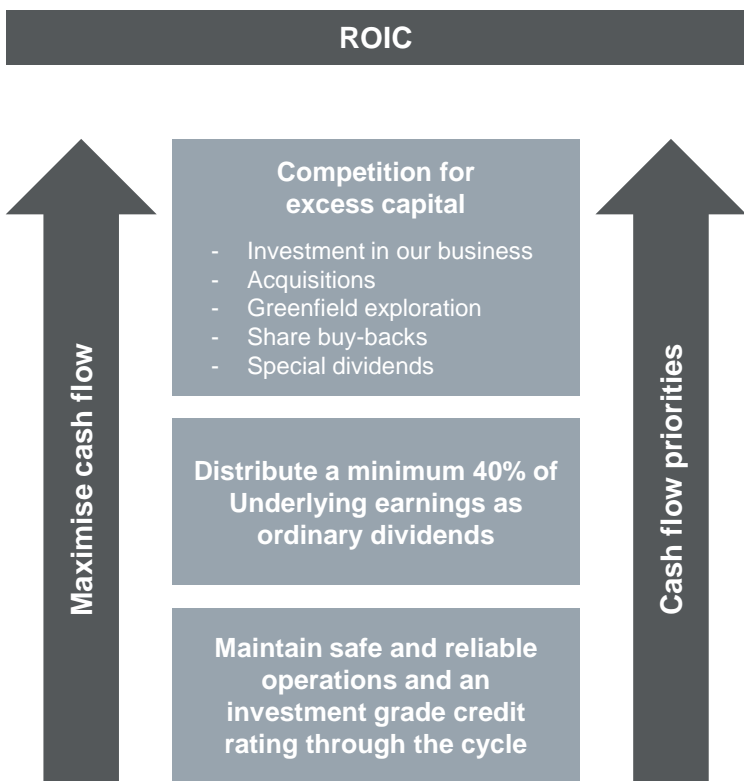
a. South32 subscription payment of US\$145M to form the Ambler Metals Joint Venture (JV). The JV will retain US\$87.5M of the subscription payment to fund its activities and exploration, and loan US\$57.5M back to South32. On a proportionately consolidated basis the net effect on South32's net cash is US\$(72.5M).

Our framework remains unchanged

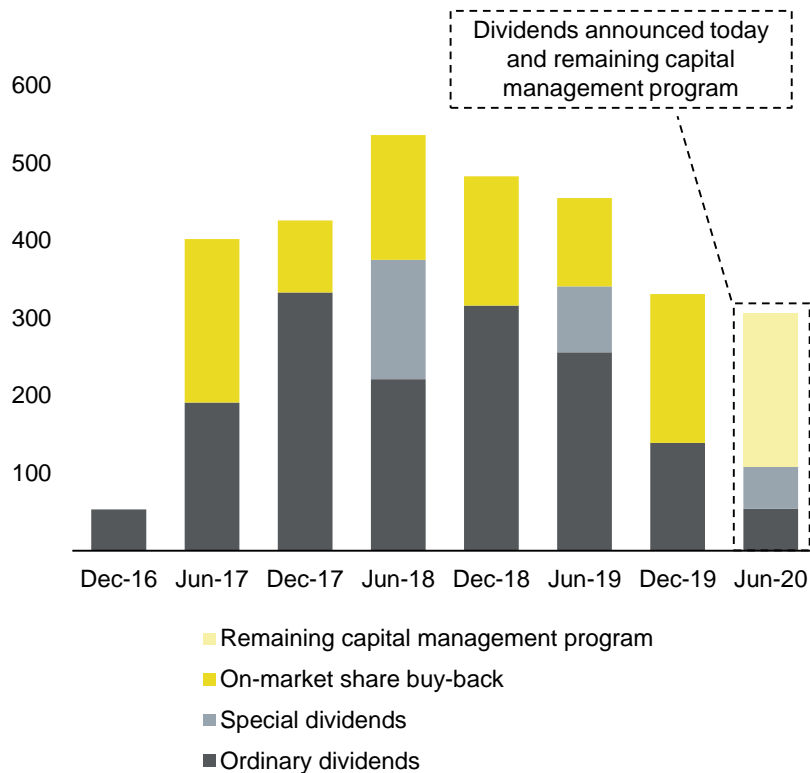
Its application has been disciplined and consistent

We have balanced returns to shareholders with investment in our business

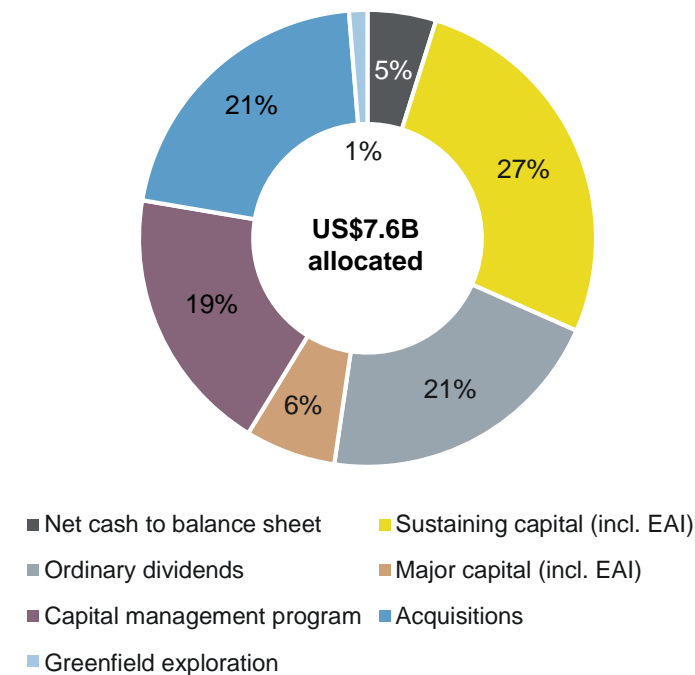
Capital management framework



Shareholder returns (paid and committed) (US\$M)



Capital allocation (Capital allocation since FY16)¹⁸

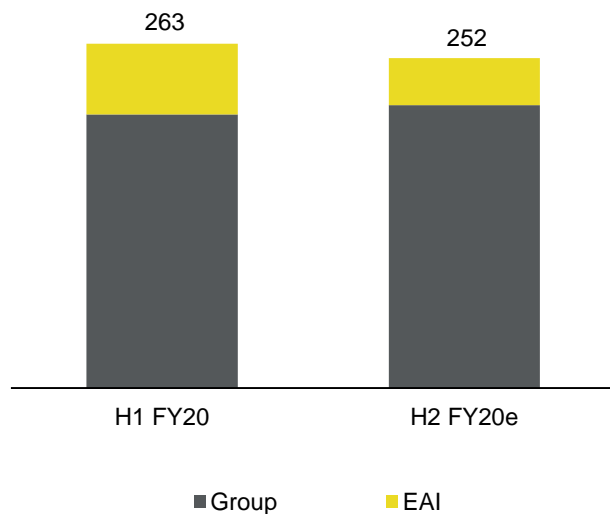


Capital expenditure analysis

Successful divestment of South Africa Energy Coal will meaningfully reduce the Group's capital intensity

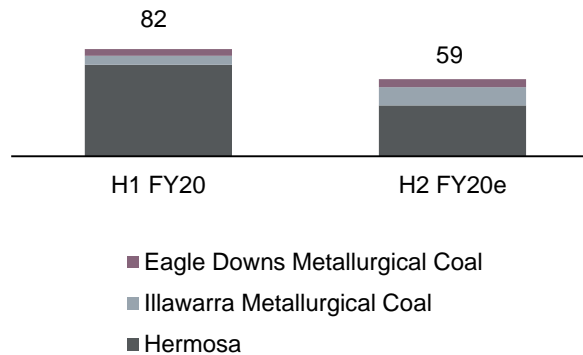
Sustaining capital expenditure (excluding South Africa Energy Coal) (US\$M)

FY20 guidance (US\$515M) unchanged



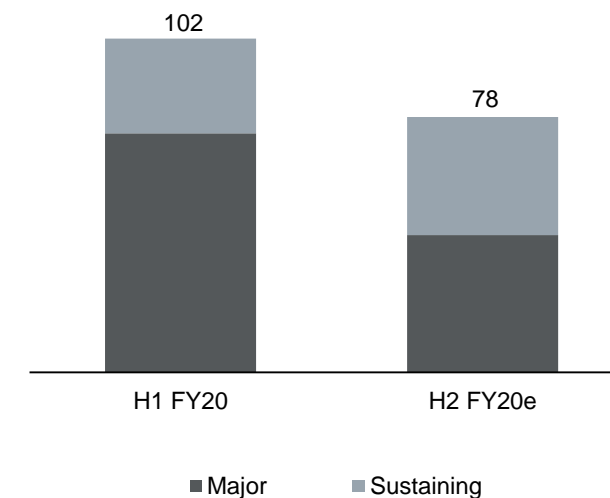
Major capital expenditure (excluding South Africa Energy Coal) (US\$M)

FY20 guidance (US\$141M) unchanged
Lower spend in H2 FY20 following completion of
Hermosa's voluntary remediation program



South Africa Energy Coal capital expenditure (US\$M)

Sustaining capital expenditure guidance
lowered by US\$25M to US\$65M following deferral of
development activity in response to market conditions
Major capital expenditure guidance (US\$115M) unchanged
with Klipspruit Life Extension project 92% complete

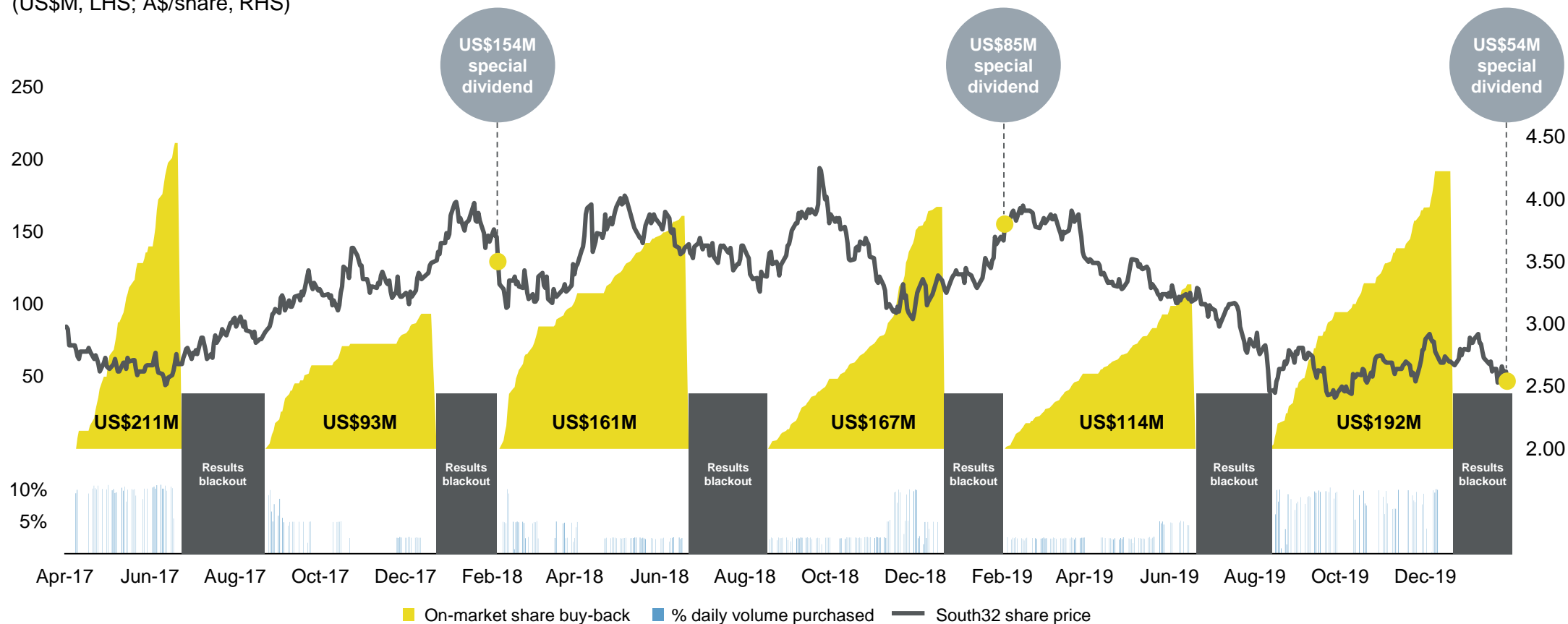


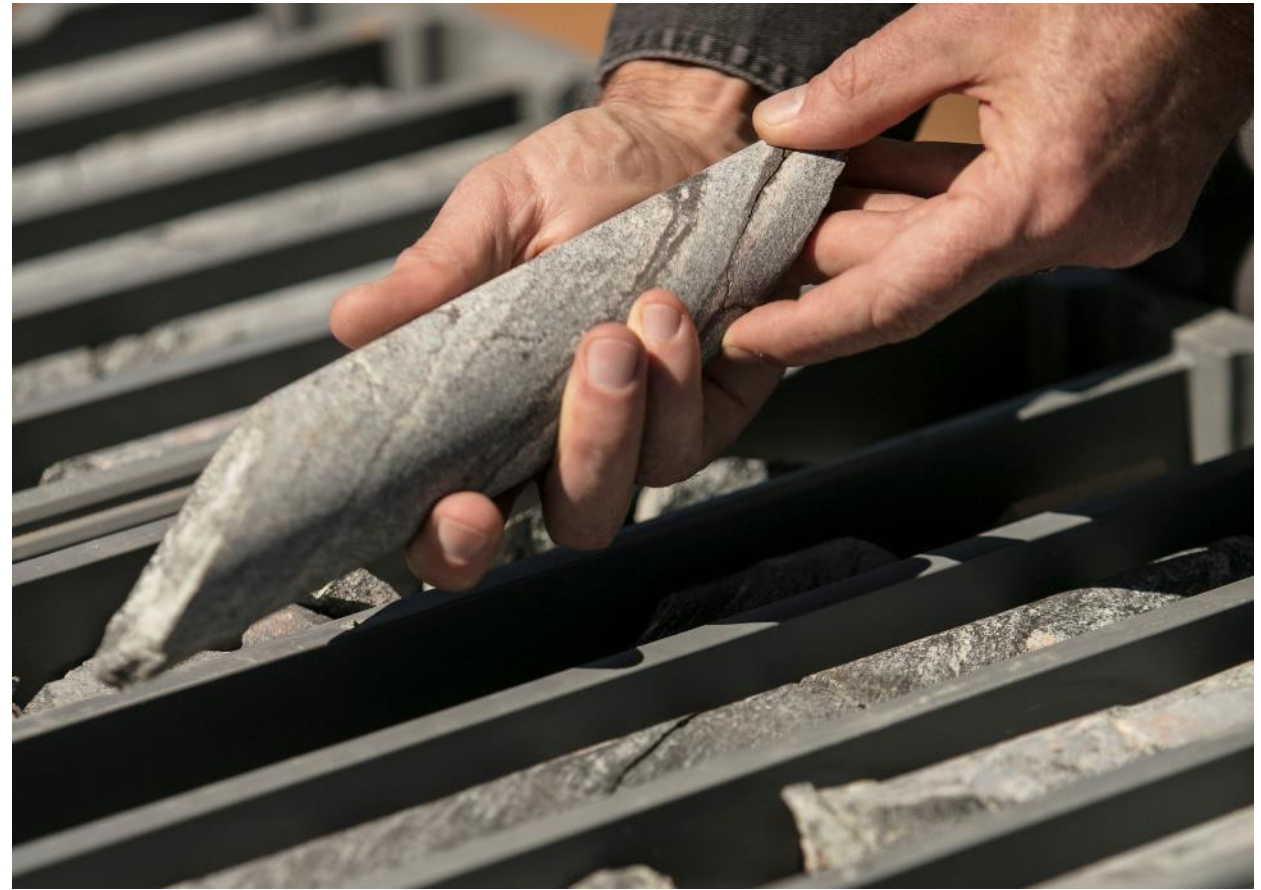
Capital management program



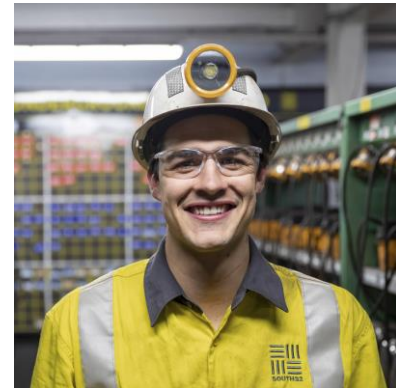
<p>Program expanded by US\$180M to US\$1.43B</p> <p>US\$198M remaining after payment of US\$54M special dividend</p>	<p>Flexible program to return excess capital efficiently and in a timely manner</p>	<p>Shares on issue reduced by 8% since commencement in April 2017</p>	<p>Average buy-back price A\$3.03 per share</p> <p>(volume weighted average price A\$3.24 per share over same period)</p>
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South32 capital management program
(US\$M, LHS; A\$/share, RHS)

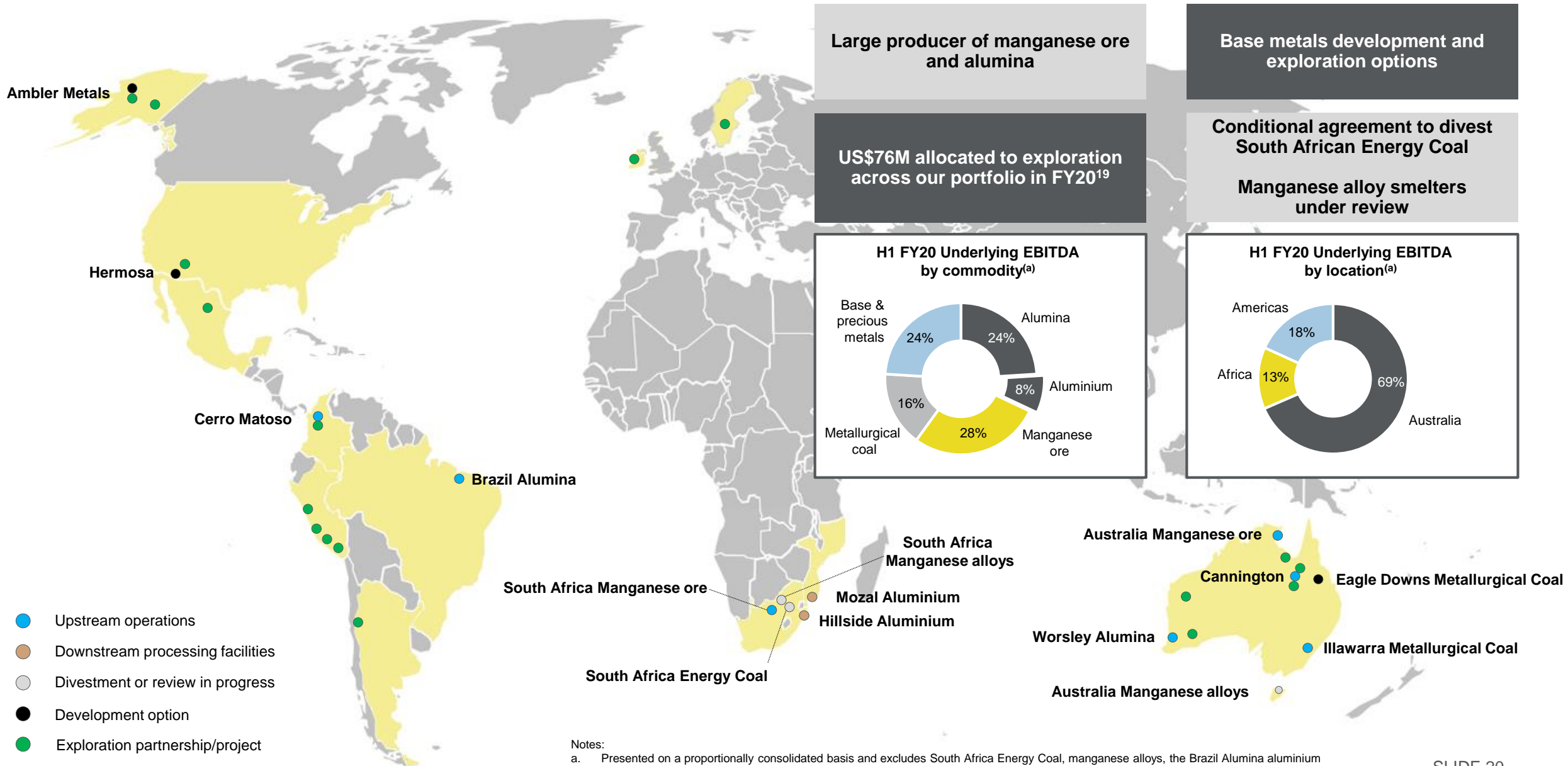




Portfolio and Market Outlook



Our portfolio

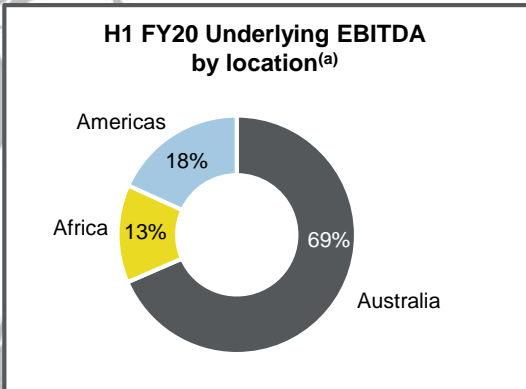
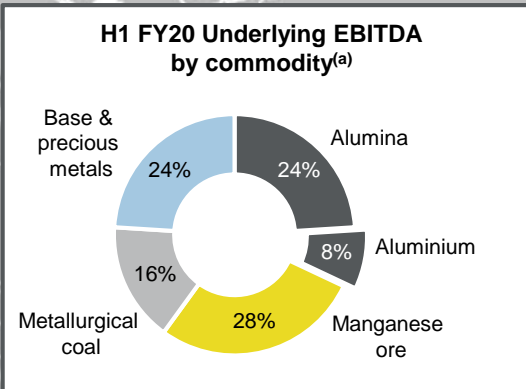


Large producer of manganese ore and alumina

Base metals development and exploration options

US\$76M allocated to exploration across our portfolio in FY20¹⁹

Conditional agreement to divest South African Energy Coal
Manganese alloy smelters under review



- Upstream operations
- Downstream processing facilities
- Divestment or review in progress
- Development option
- Exploration partnership/project

Notes:
a. Presented on a proportionally consolidated basis and excludes South Africa Energy Coal, manganese alloys, the Brazil Alumina aluminium smelter, Hermosa and Group and unallocated costs.

Our priorities

**Sustainably improve our
operating performance**

**Respond decisively to
market conditions**

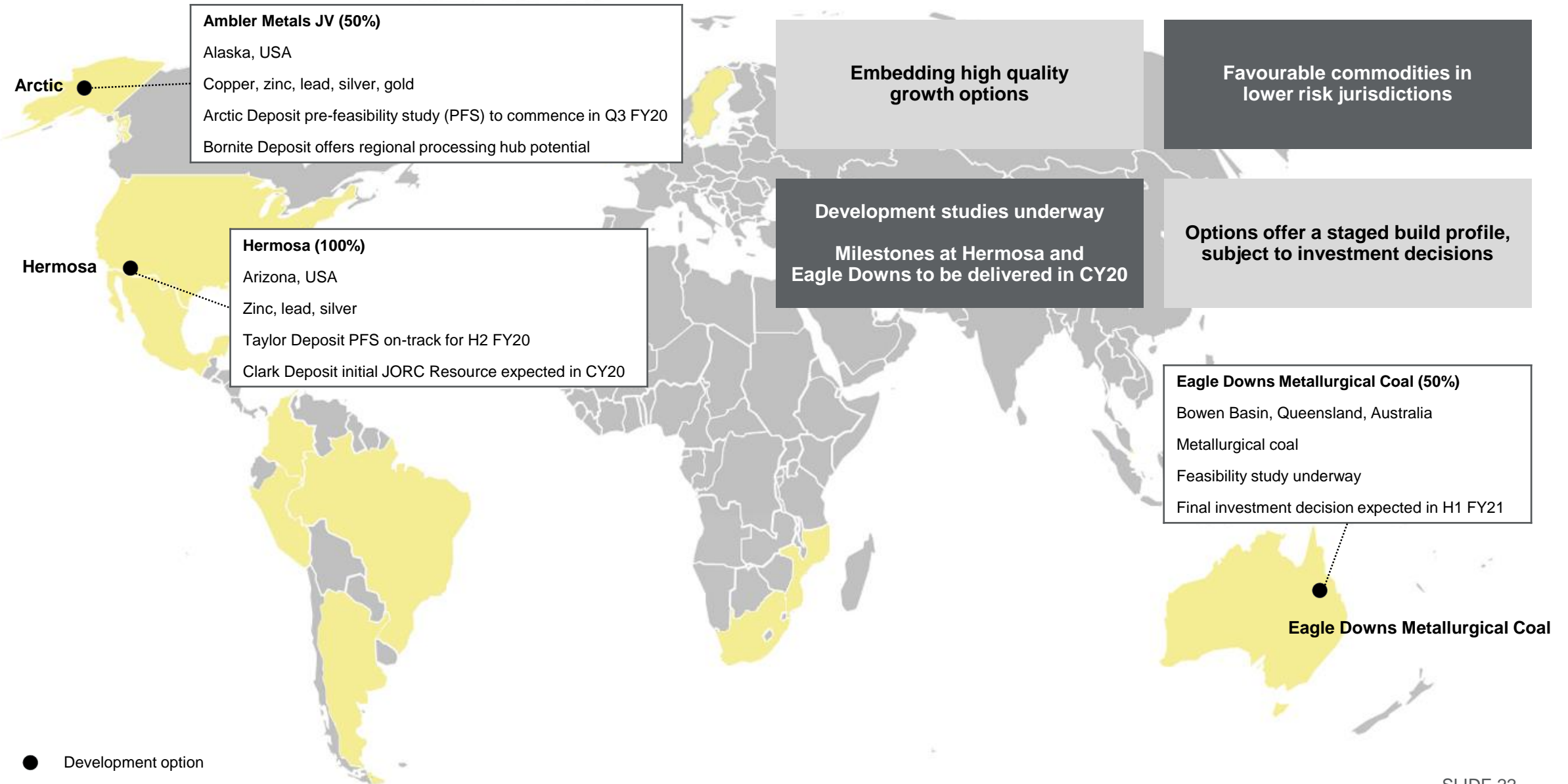
**Exit low returning
businesses**

**Continue to embed high quality
options with a bias to base metals**

**Maintain capital discipline and
invest in high returning projects**

**Return excess cash
to shareholders**

Our development options



Eagle Downs Metallurgical Coal project

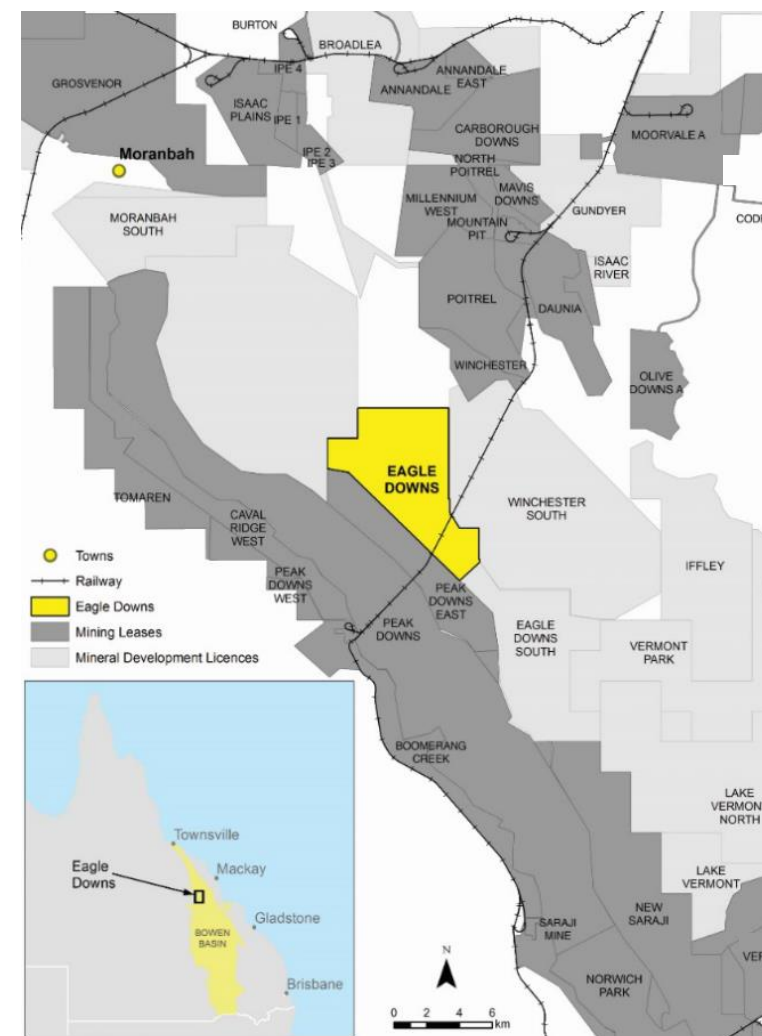
50% interest and operating control in a fully permitted, partially developed mine

Development studies underway

FY20 capital expenditure guidance of US\$11M (South32 share)

Final investment decision expected in H1 FY21

Eagle Downs location map



Hermosa project

Initial JORC Resource for the Taylor Deposit has de-risked and increased our confidence in the project

Deposit remains open at depth and laterally

Current exploration program targeting identified extensions

PFS on-track for completion in H2 FY20

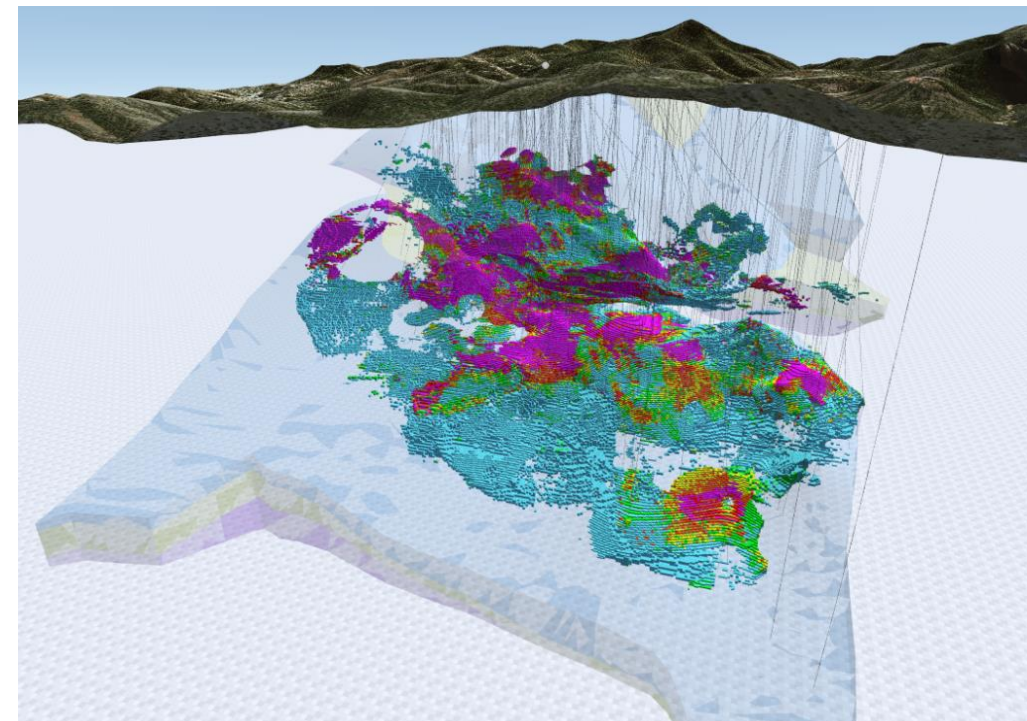
Taylor Deposit Mineral Resource (100% basis)^(a)

Net Smelter Return (NSR) cut-off US\$90/t

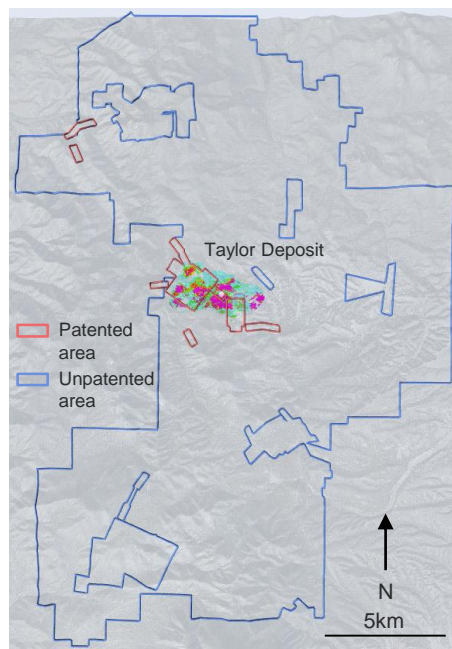
Ore Type	Total Mineral Resources			
	Mt	% Zn	% Pb	g/t Ag
UG Sulphide ^(a)	149	3.32	3.66	70
UG Transition ^(a)	6.2	5.22	3.82	57
Total Sulphides	155	3.39	3.67	69

Taylor Deposit Mineral Resource (looking South)

Remains open at depth and laterally



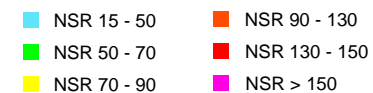
Hermosa land package



Taylor Deposit



Net Smelter Return (NSR) Cut-off in US\$/t



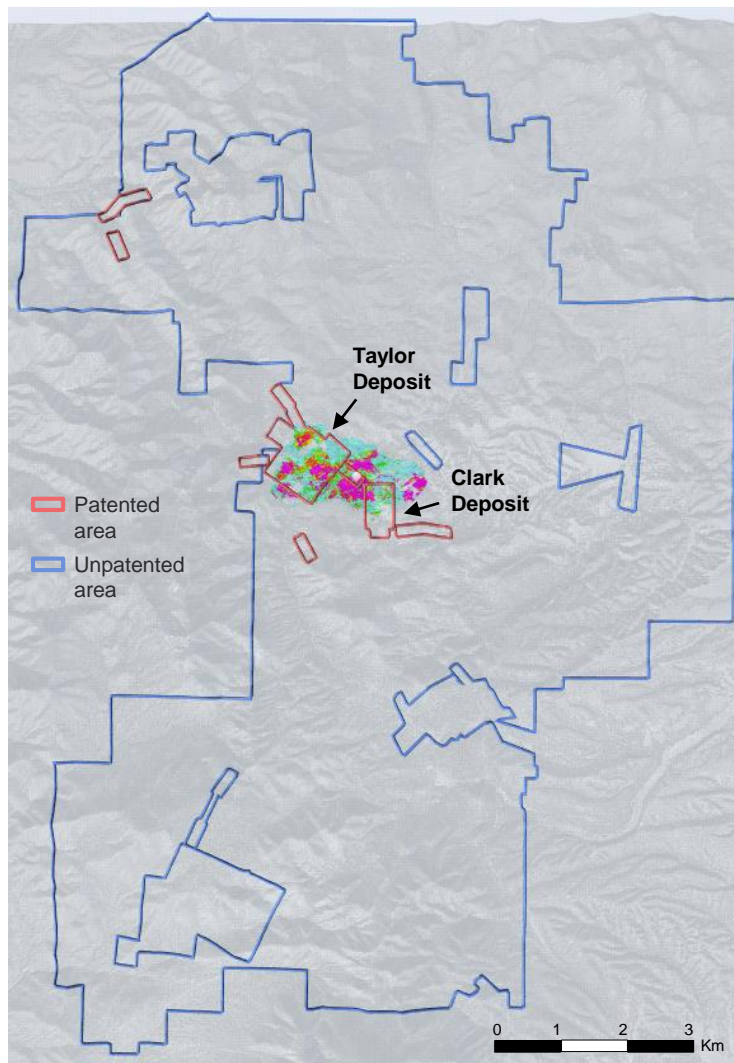
Notes:

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

Hermosa project

Hermosa land package

Taylor Deposit, Clark Deposit and regional landholdings



Regional landholdings increased by 30% since acquisition

Initial JORC Resource for Clark Deposit expected in CY20

Regional exploration program underway

15 new targets identified

Capital expenditure directed to establishing surface infrastructure

Voluntary remediation program completed

Hermosa Tailings Storage Facility (TSF) (looking north)

Aerial view of lined TSF and Taylor Deposit support infrastructure



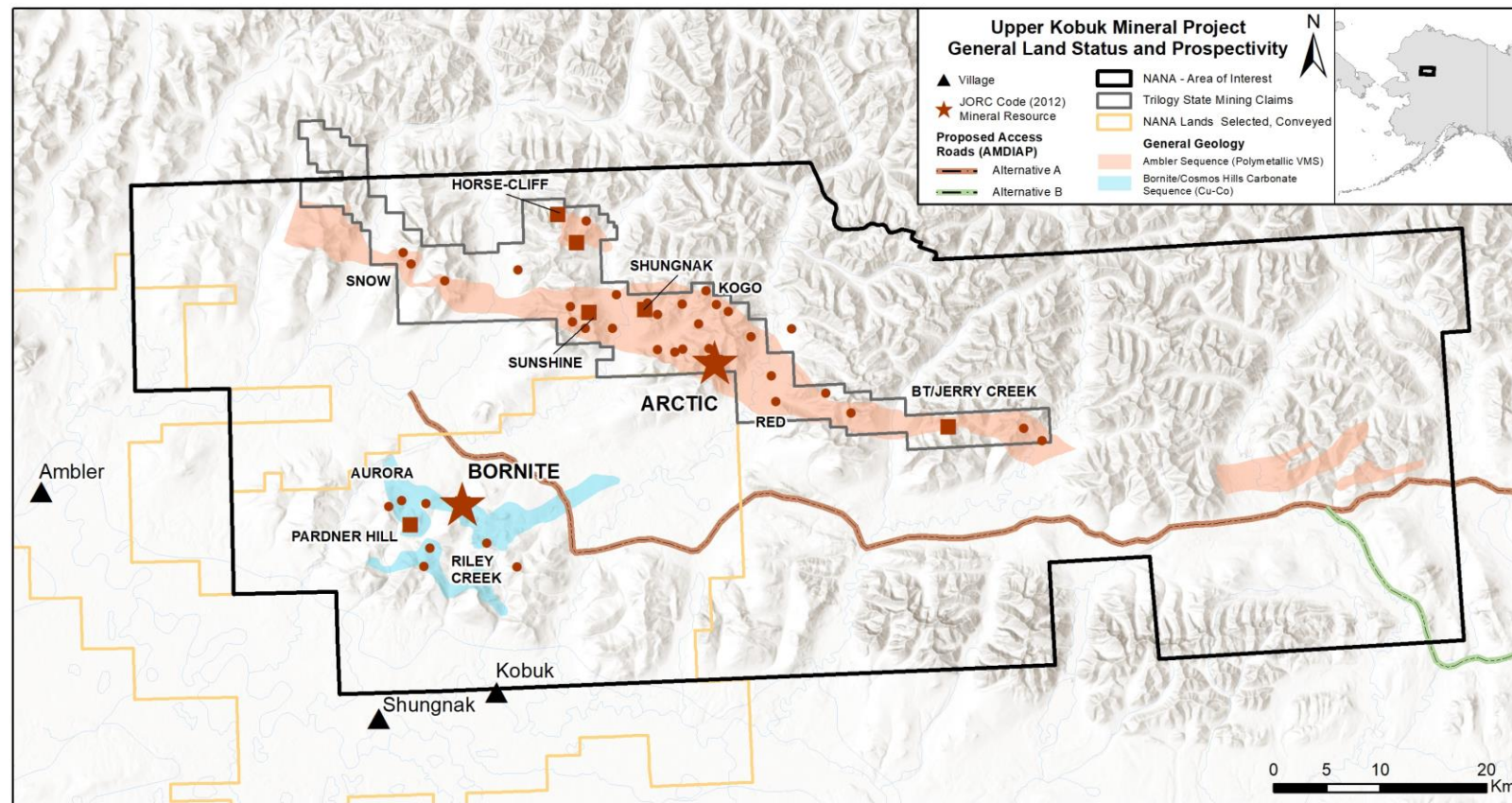
Regional scale in an attractive mining jurisdiction

Arctic, a high grade VMS development option

Bornite, a large carbonate hosted copper deposit

Identified prospects and VMS clusters

Ambler Metals JV location map



High grade development option in northwest Alaska

- 50% joint venture with Trilogy Metals following an initial exploration partnership over three field seasons
- Two highly prospective mineralised belts with potential to establish a processing hub
- Funded to progress Arctic to a development decision, undertake further drilling at Bornite and test regional targets
- Supportive local partner NANA Regional Corporation^(a)

Pathway to a development decision

- JV to commence a PFS on Arctic open pit opportunity
- US Bureau of Land Management expected to file the Environmental Impact Statement and Record of Decision for the regional access road in CY20
- Arctic permitting to follow completion of technical studies

Notes:

a. If the JV proceeds with construction of a mine on lands subject to the NANA Agreement, NANA will have the option to acquire between 16% and 25% (as specified by NANA) of the project or receive a net proceeds royalty of 15%.

Initial JORC Resource estimates
declared by South32

Further resource definition drilling at
Arctic to support development studies

Bornite open at depth and laterally

Arctic Deposit Mineral Resource Estimate (100% basis)^{(a)(b)}

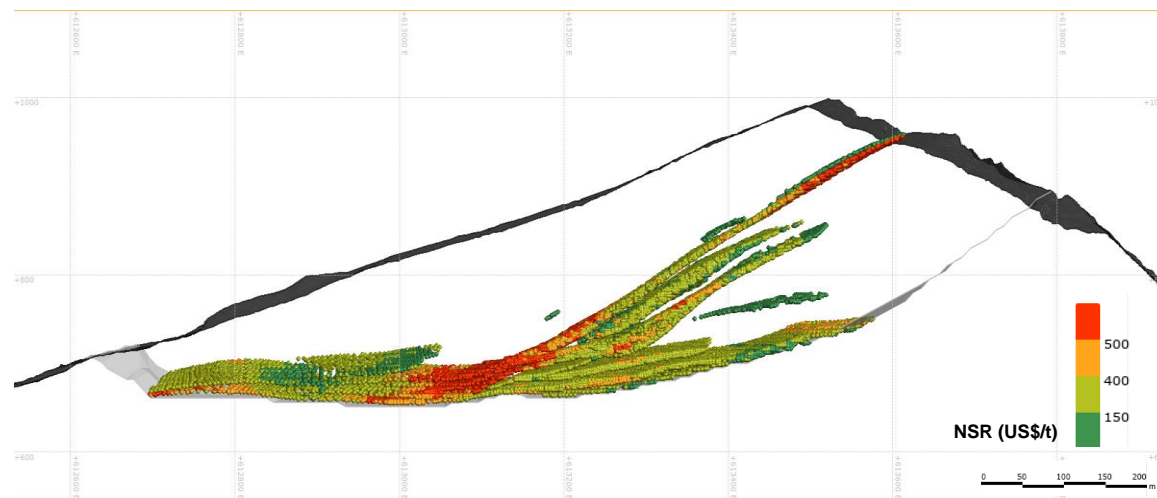
	Total Mineral Resources					
	Mt	% Cu	% Zn	% Pb	g/t Ag	g/t Au
Open pit	37	3.06	4.30	0.77	47	0.60

Bornite Deposit Mineral Resource Estimate (100%)^{(a)(c)}

	Total Mineral Resources	
	Mt	% Cu
Open pit	78	1.04
Underground	70	2.29

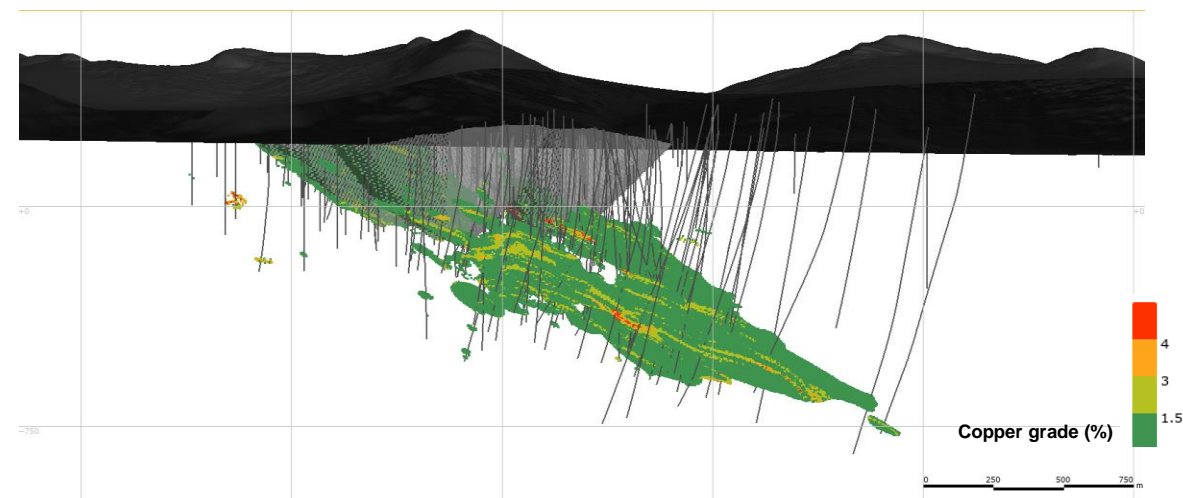
Arctic Deposit (looking north)

A shallow, high grade open pit resource



Bornite Deposit (looking southwest)

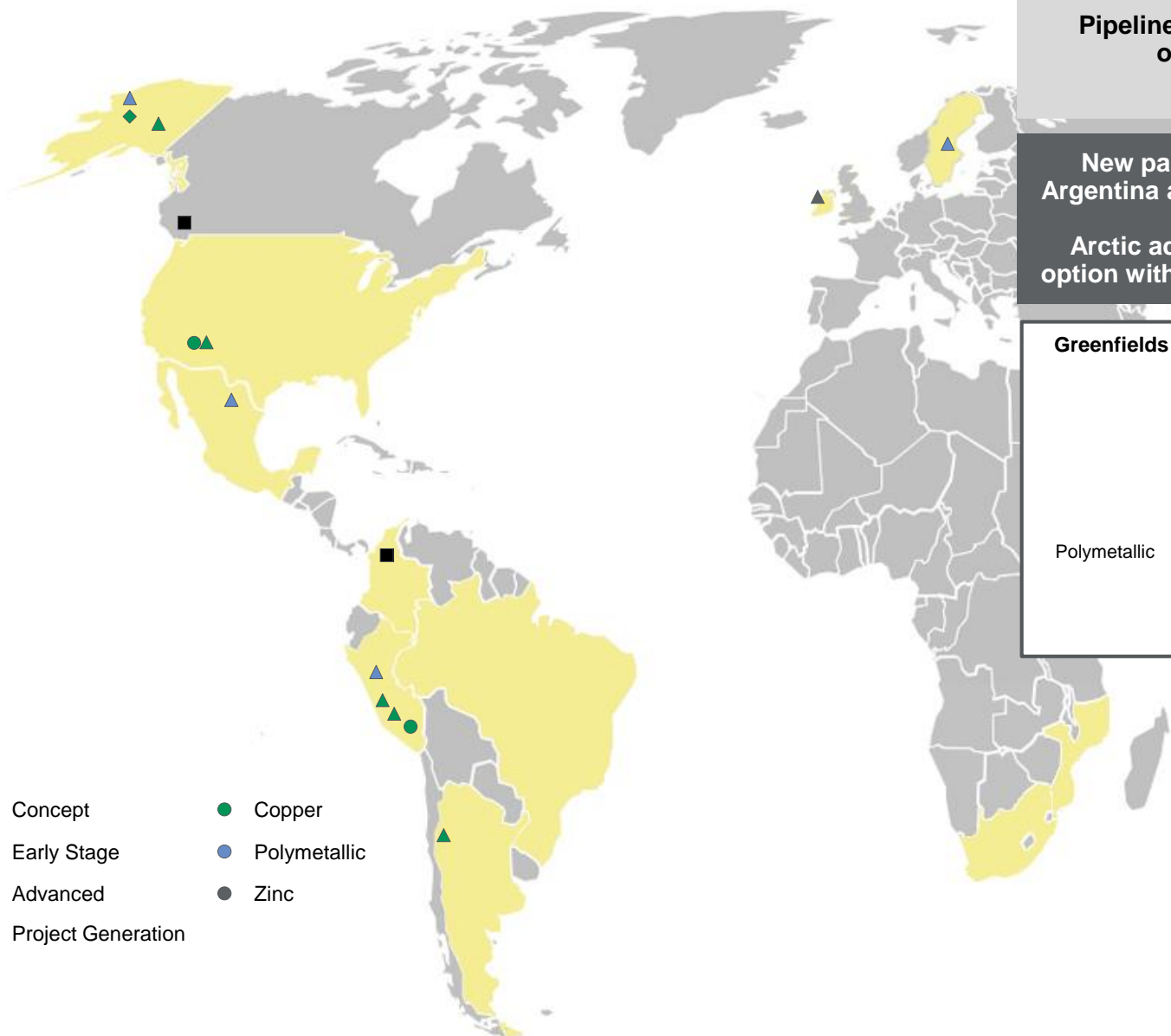
Remains open at depth and laterally



Notes:

- a. Refer to slides 38 and 39 for detailed JORC Mineral Resource tables.
- b. NSR cut-off US\$63.40 per tonne, constrained within an NSR optimised resource pit shell.
- c. Cut-off 0.5% Cu for Open Pit and 1.5% Cu for Underground.

Our exploration footprint



Pipeline of greenfield base metal options established

Strategy to identify, advance and cycle options

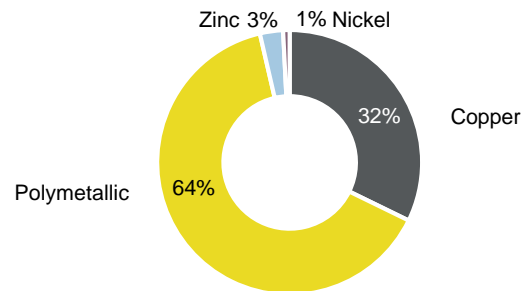
New partnerships established in Argentina and Ireland in past 6 months

Greenfield exploration guidance US\$30M

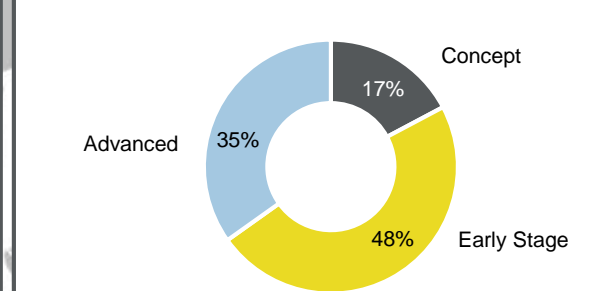
Arctic advanced to a development option with PFS to commence Q3 FY20

US\$10M spent in H1 FY20

Greenfields exploration spend by commodity (FY18 - H1 FY20)



Greenfields exploration spend by project maturity (FY18 - H1 FY20)



- Concept
- △ Early Stage
- ◇ Advanced
- Project Generation
- Copper
- Polymetallic
- Zinc

Manganese market

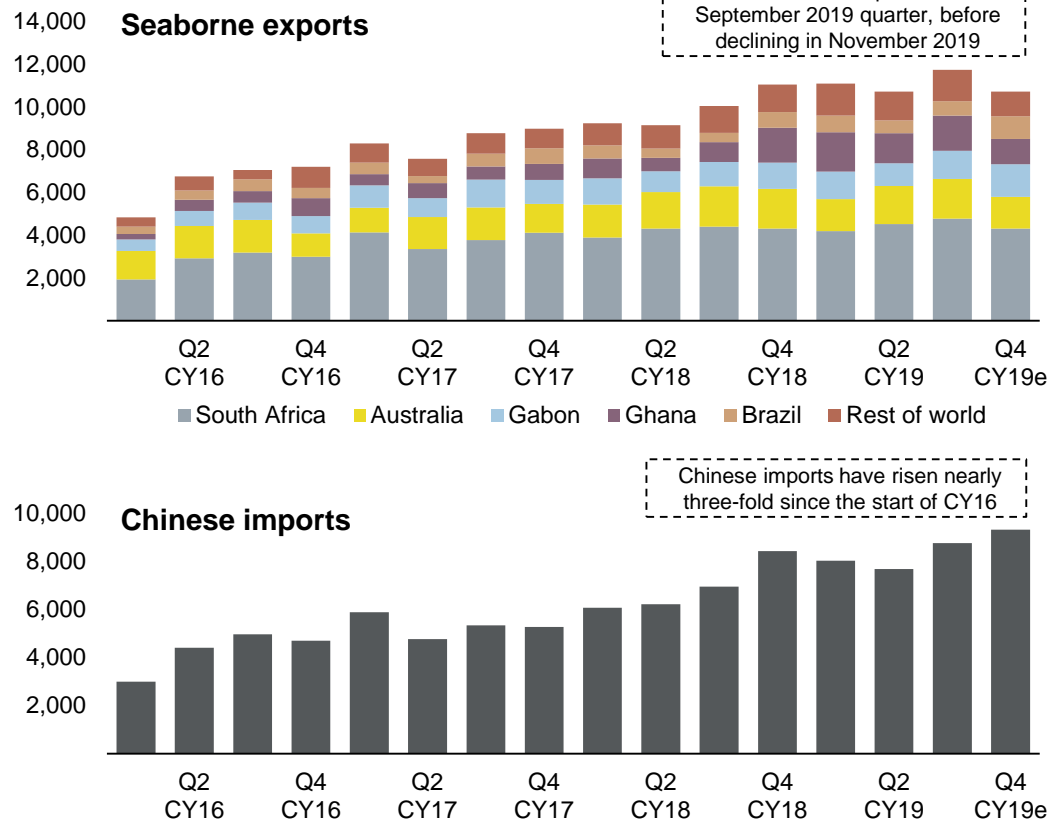
Weaker steel and alloy demand during H2 CY19

Higher cost producers responded by exiting the market

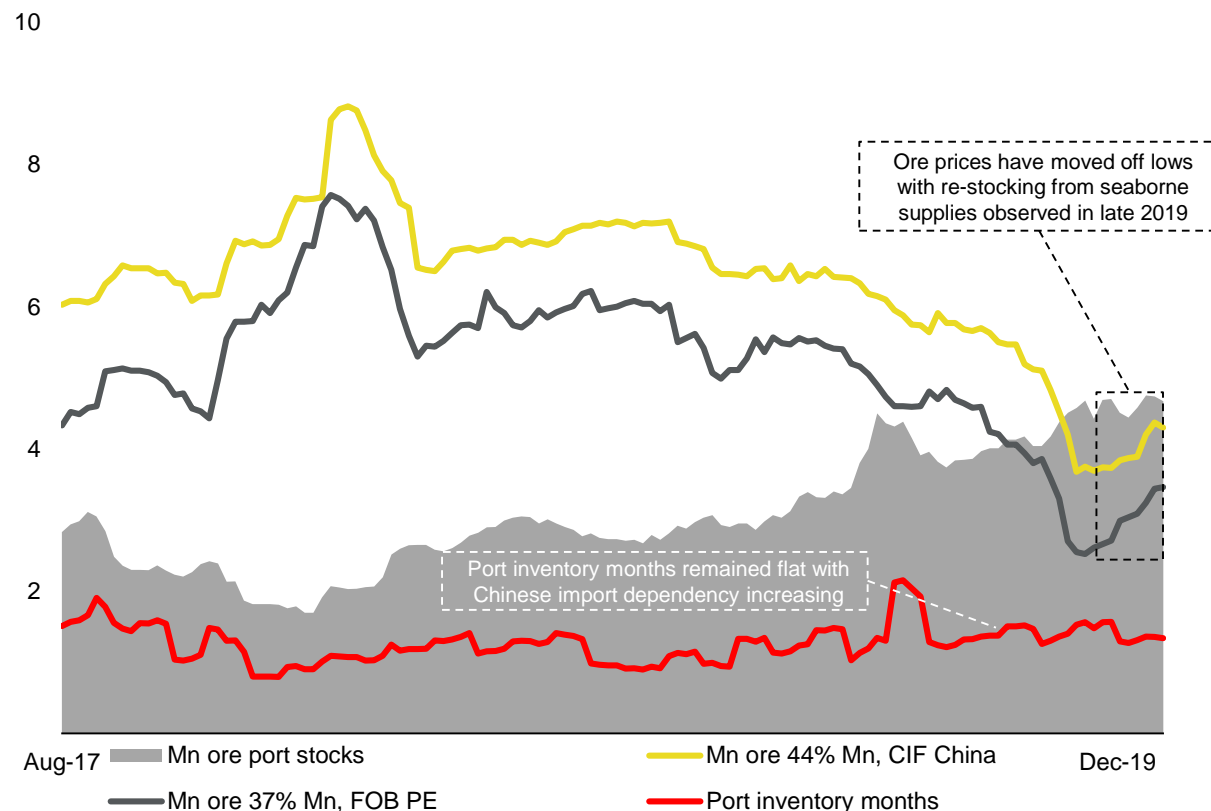
Environmental restrictions and grade decline have underpinned a rise in Chinese import dependency

Long term price to be set by marginal South African supply transitioning to more expensive underground over time

Manganese ore supply^(a)
(kt, Mn content unadjusted)



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



Source: GTIS

Source: Fastmarkets, Steel Orbis

Notes:

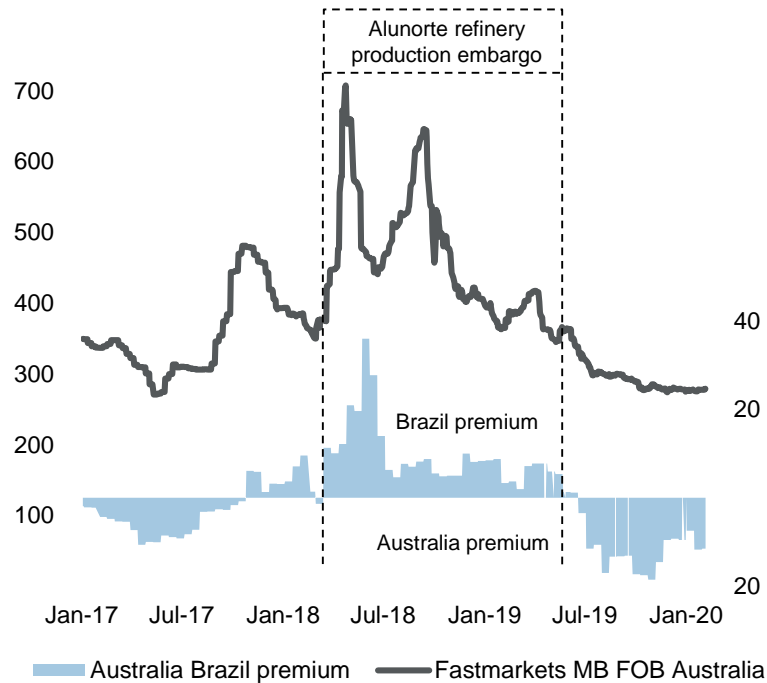
a. Q4 2019E data is based on October and November actuals, and an estimate for December 2019 based on annualising October and November actuals.

Market rebalanced post Alunorte and AI Taweelah ramp-up

Chinese supply to drive market balance with imported alumina remaining cost competitive

Deteriorating Chinese bauxite supply and increasing delivered costs of imports to steepen cost curve

Alumina price
(US\$/t, LHS; Australia Brazil delta US\$/t, RHS)

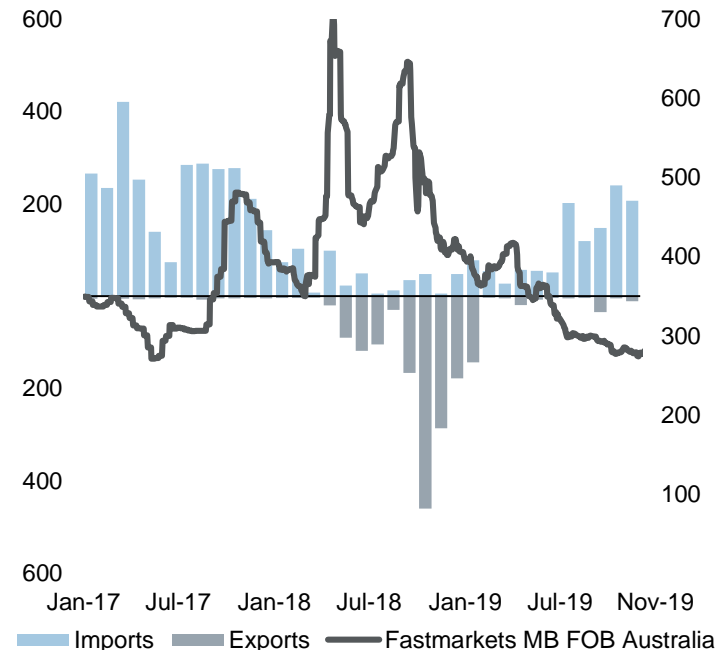


Source: Fastmarkets, South32 analysis

Notes:

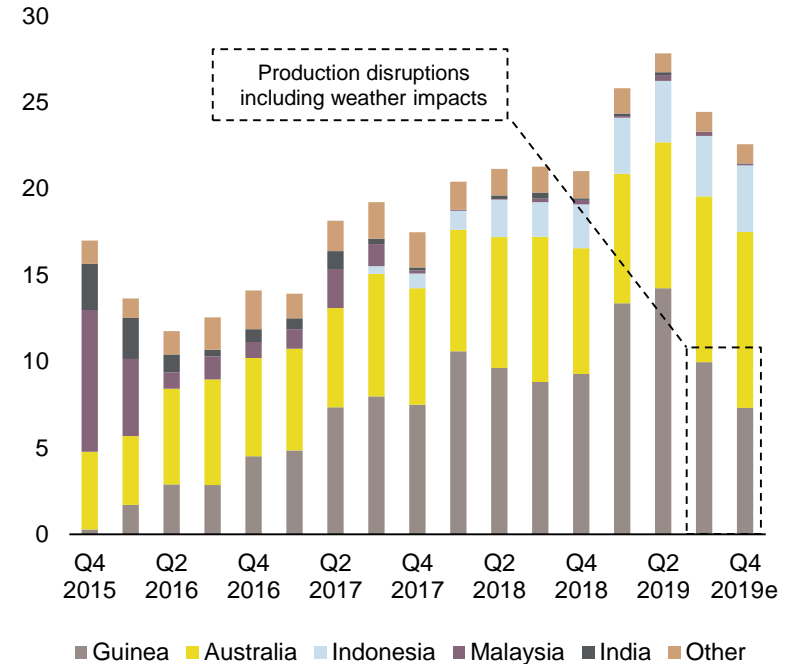
a. Q4 2019E data is based on October and November actuals and an estimate for December.

China alumina imports/exports
(kt, LHS; Alumina price US\$/t RHS)



Source: GTIS, SMM, China Custom, Fastmarkets

China bauxite imports^(a)
(Mt)



Source: GTIS

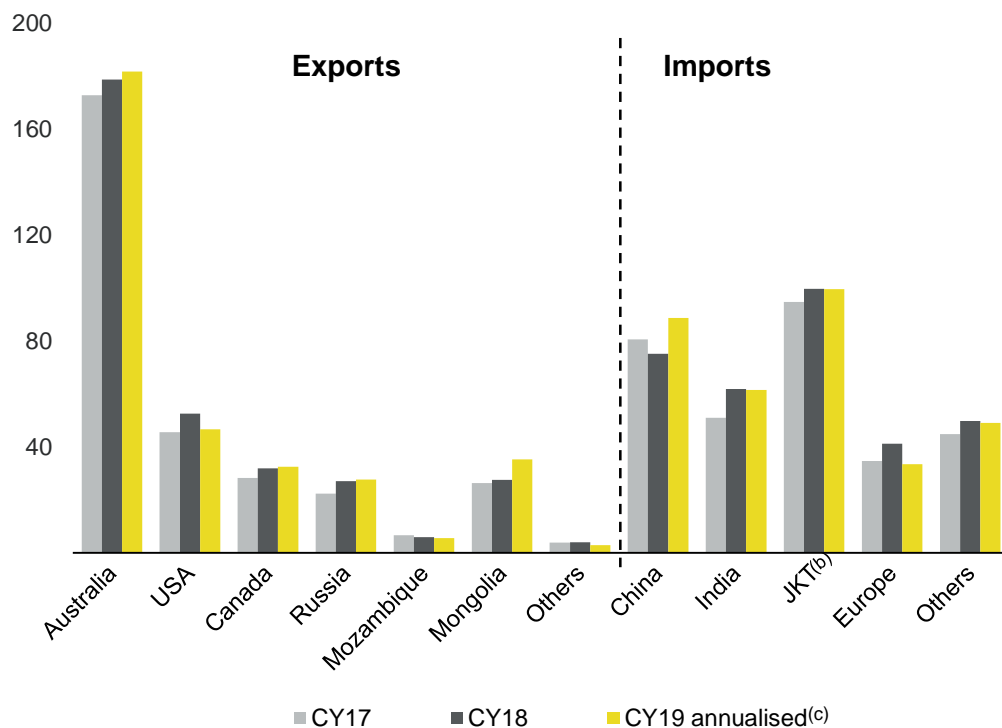
Metallurgical coal market

Demand growth driven mainly by increase in Chinese steel output (+76Mt or 8.3% YoY in CY19)

Spreads are widening again due to Chinese preference for imported premium HCC and weak ex-China demand

Long run growth driven by India and other emerging Asian economies

Metallurgical coal trade flows^(a)
(Mt)

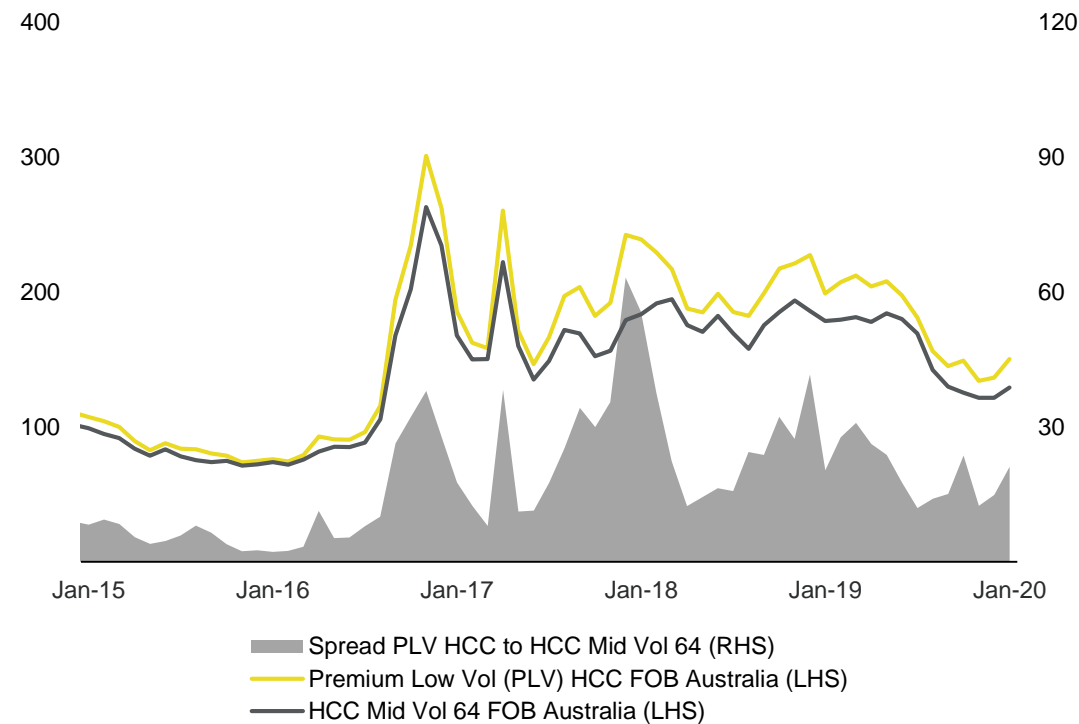


Source: GTIS, IHS India Coal Report and South32 analysis

Notes:

- a. Metallurgical coal trade flow includes hard coking coal (HCC), weak coking coal and PCI. Includes Mongolian coal exports to China.
- b. JKT means Japan, South Korea and Taiwan.
- c. CY19 annualised data is based on year to date November month end actuals.

Metallurgical coal prices
(US\$/t)



Source: Platts SBB database, South32 analysis

Underlying EBITDA
US\$678M

Underlying earnings
US\$131M

Free cash flow^(a)
US\$284M

Net cash balance
US\$277M

US\$300M returned
to shareholders^(b)

Fully franked interim dividend US\$54M
Fully franked special dividend US\$54M
On-market share buy-back US\$192M

Capital management program
expanded by
US\$180M to US\$1.43B

US\$198M remaining
to be allocated

Conditional agreement to divest
South Africa Energy Coal

Ambler Metals Joint Venture
embeds another base metals
development option

Notes:

- a. Free cash flow from operations including net distributions from our manganese EAI.
- b. In respect of the December 2019 half year.



Supplementary Information



Operating unit costs

Operating unit costs	H1 FY19	H2 FY19	H1 FY20	H1 FY20 adjusted ²⁰	FY20 prior guidance ²¹	H1 FY20 actual vs. FY20 prior guidance					Performance to guidance commentary
						(10%)	(5%)	0%	5%	10%	
Worsley Alumina (US\$/t)	233	242	225	232	230						Lower caustic prices and consumption rates, combined with a weaker Australian dollar
Brazil Alumina (non-operated) (US\$/t)	291	250	257		Guidance not provided						Higher volumes combined with lower caustic prices and consumption rates, partially offset by an increase in the use of more expensive third party bauxite
Illawarra Metallurgical Coal (US\$/t)	87	102	91	95	97						Continued strong longwall performance and weaker Australian dollar
Australia Manganese (FOB, US\$/dmtu)	1.51	1.68	1.62	1.67	1.60						Lower primary circuit throughput partially offset by the low cost PC02 circuit operating above design capacity
South Africa Manganese (FOB, US\$/dmtu)	2.63	2.75	2.60	2.58	2.44						Stronger South African rand and increased use of higher cost trucking in Q1 FY20, partially offset by lower price-linked royalties
Cerro Matoso (US\$/lb)	4.05	3.92	3.80	3.81	4.00						Realisation of benefits from our energy procurement and usage optimisation, and a weaker Colombian peso
Cannington²² (US\$/t)	120	125	121	122	119						Mill throughput tracking ahead of plan and a weaker Australian dollar more than offset by movements in inventory
South Africa Energy Coal¹⁵ (US\$/t)	38	41	43	42	37-40						Lower volumes combined with an increase in activity to support the Klipspruit dragline's ramp-up towards full utilisation and contractor demobilisation costs

Cost breakdown

H1 FY20

Hillside Aluminium (US\$/t)	2,161	1,925	1,657		Lower raw material, energy prices, and benefits from workforce restructure concluded in June 2019
Mozal Aluminium (US\$/t)	1,938	2,108	1,904		Lagged benefit of lower index prices for alumina supplied by Worsley Alumina to be realised in H2 FY20

■ Foreign exchange
 ■ Price-linked costs (including royalties)²³
■ Controllable costs
 ■ Raw material inputs
 ■ LME price-linked power
 □ Other

○ H1 FY20 actual vs. FY20 guidance % movement
 ○ ≤ 5% of guidance
 ○ >5% of guidance

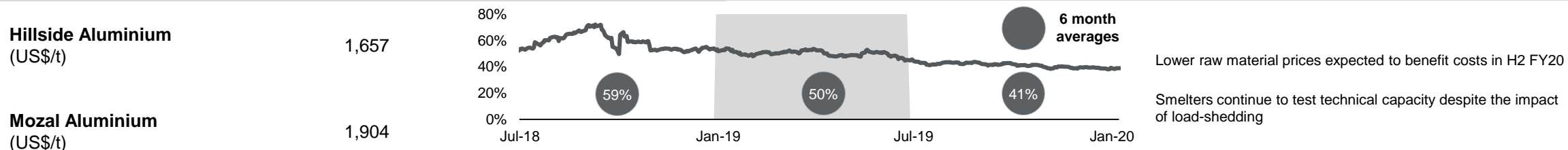
Operating unit cost guidance



Operating unit costs	H1 FY20 actual	FY20 prior guidance ²¹	FY20 adjusted guidance ²⁰	FY20 new guidance ²⁴	FY20 new guidance vs. FY20 prior guidance					Commentary
					(10%)	(5%)	0%	5%	10%	
Worsley Alumina (US\$/t)	225	230	220	219						Lower caustic prices and a weaker Australian dollar
Brazil Alumina (non-operated) (US\$/t)	257	Guidance not provided		Guidance not provided						Refinery expected to benefit from lower caustic and bauxite prices in H2 FY20
Illawarra Metallurgical Coal (US\$/t)	91	97	94	93						Continued strong longwall performance, a weaker Australian dollar and lower price-linked royalties. Longwall move scheduled for Q3 FY20
Australia Manganese (FOB, US\$/dmu)	1.62	1.60	1.54	1.55						An improvement in equipment productivity from H1 FY20 and a weaker Australian dollar. H2 FY20 expected to be impacted by the wet season
South Africa Manganese (FOB, US\$/dmu)	2.60	2.44	2.45	2.40						Stronger South African rand offset by reduced trucking and lower price-linked royalties
Cerro Matoso (US\$/lb)	3.80	4.00	3.93	3.88						Weaker Colombian peso partially offset by higher price-linked royalties. Strong production start to the year, expected to be impacted by furnace refurbishment in Q4 FY20
Cannington²² (US\$/t)	121	119	117	115						Strong operating performance in H1 FY20 and a weaker Australian dollar
South Africa Energy Coal¹⁵ (US\$/t)	43	37-40	41	41						Stronger South African rand and lower planned volumes partially offset by the lagged realisation of benefits from contractor demobilisation

Smelter raw material basket cost inflation

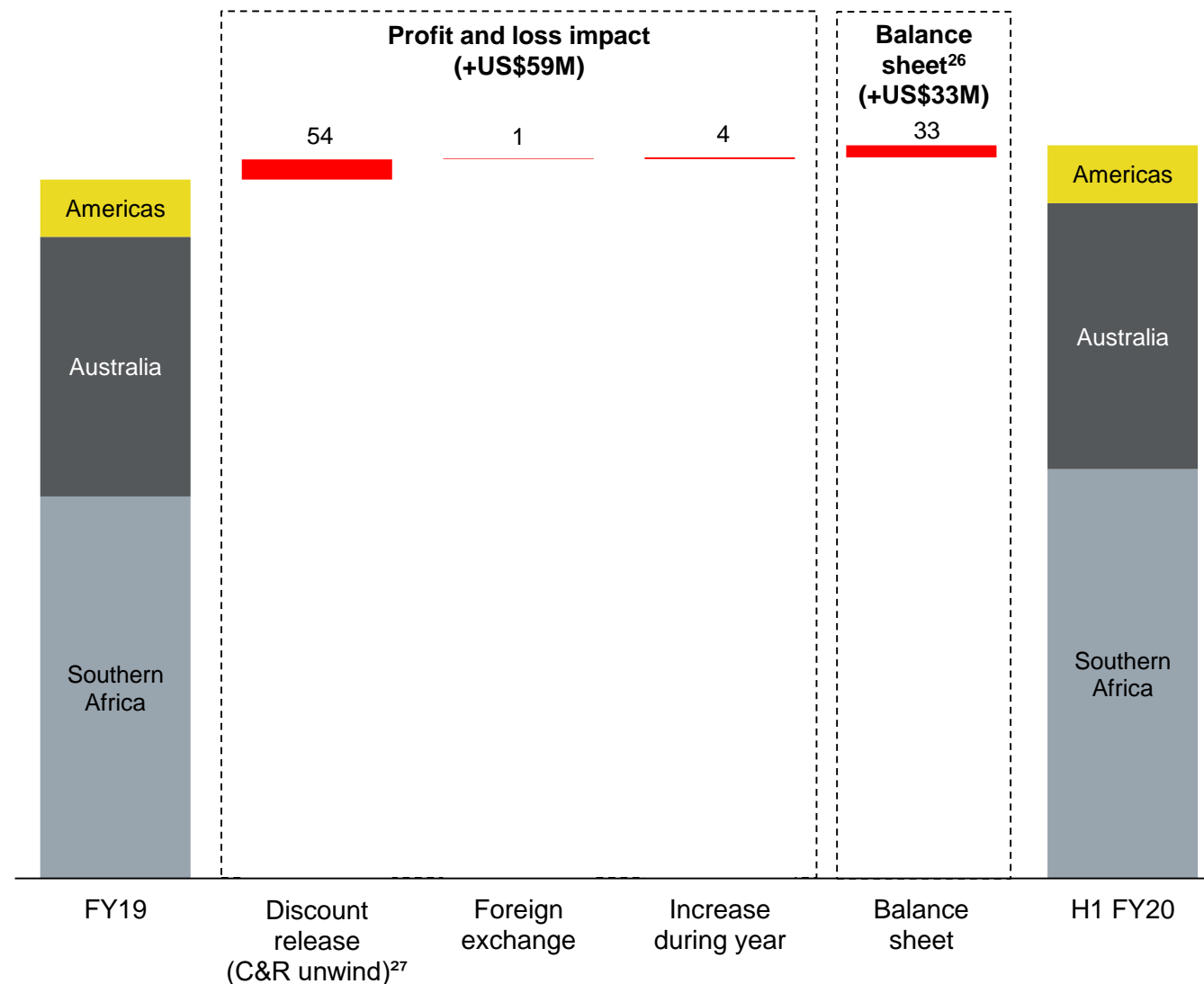
(% of LME Aluminium)²⁵



■ Foreign exchange ■ Price-linked costs (including royalties)²³ ■ Controllable costs
○ H1 FY20 actual vs. FY20 guidance % movement ○ ≤ 5% of actual ○ >5% of actual

Closure provisions

Closure and rehabilitation provisions by operation (South32 share)	H1 FY20 US\$M	FY19 US\$M
South Africa Energy Coal	824	756
Worsley Alumina	413	408
Hillside Aluminium	211	209
Cannington	168	164
Illawarra Metallurgical Coal	125	116
Cerro Matoso	108	104
Mozal Aluminium	59	57
Brazil Alumina (non-operated)	33	35
Hermosa	14	14
Eagle Downs Metallurgical Coal	5	5
Total	1,960	1,868



Earning sensitivities

Estimated impact on FY20e Underlying EBIT of a 10% change in commodity prices or currency ^(a)	EBIT impact +/- 10% US\$M
Aluminium ^(b)	174
Alumina ^(b)	166
Manganese ore ^(c)	85
Metallurgical coal	84
Energy coal	65
Nickel	46
Manganese alloy ^(c)	19
Silver	19
Lead	19
Zinc	9
Australian dollar	167
South African rand	160
Colombian peso	14
Brazilian real	11

Notes:

- a. The sensitivities reflect the estimated impact on FY20e Underlying EBIT of a 10% movement in H1 FY20 actual realised prices and H1 FY20 actual average exchange rates (weakening currency) applied to FY20e volumes and costs.
- b. Aluminium sensitivity includes LME price-linked electricity cost impacts for Hillside Aluminium but ignores the Group consolidation impact of inter-company alumina sold on index. Aluminium sensitivity is shown without any associated increase in alumina pricing.
- c. The sensitivity impact for manganese ore and manganese alloy are on a pre-tax basis. The Group's Manganese operations are reported as EAI. As a result, the Profit after taxation for Manganese is included in the Underlying EBIT of South32.

Mineral Resources for the Arctic Deposit



Arctic Deposit Mineral Resource Estimate as at 31 January 2020 (100% basis)

	Indicated Mineral Resources						Inferred Mineral Resources						Total Mineral Resources					
	Mt	% Cu	% Zn	% Pb	g/t Ag	g/t Au	Mt	% Cu	% Zn	% Pb	g/t Ag	g/t Au	Mt	% Cu	% Zn	% Pb	g/t Ag	g/t Au
Open pit	33	3.14	4.43	0.80	49	0.63	4.7	2.55	3.34	0.57	37	0.38	37	3.06	4.30	0.77	47	0.60

- Notes:
1. Cut-off: NSR of US\$63.40 per tonne, constrained within a South32 NSR optimised resource pit shell.
 2. The NSR is based on South32 internal long term forecast high prices for copper, zinc, lead, gold, silver and metallurgical recoveries to the copper concentrate of 88.8% Cu and 27.6% Ag, to the zinc concentrate of 81.9% Zn, and to the lead concentrate of 70% Pb, 56.7% Au, and 53.2% Ag.
 3. All masses are reported as dry metric tonnes. All tonnes and grade information have been rounded to reflect relative uncertainty of the estimate, hence small differences may be present in the totals.

Estimate of Mineral Resources for the Arctic Deposit

South32 confirms the first time reporting of the Mineral Resource estimate for the Arctic VMS Deposit as at 31 January 2020.

The estimates of Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 (JORC Code) and the Australian Securities Exchange Listing Rules.

Competent Person's Statement

The information in this report that relates to Mineral Resources for the Arctic Deposit is presented on a 100% basis, represents an estimate as at 31 January 2020, and is based on information compiled by Mr David F. Machuca Mory.

Mr Machuca is a Senior Consultant with SRK Consulting (Canada) Inc. He is a Member of Professional Engineers Ontario, a Recognised Professional Organisation as defined by the JORC Code. Mr Machuca has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activities being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Competent Person consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Mineral Resources for the Bornite Deposit

Bornite Deposit Mineral Resources at 31 January 2020 (100% basis)

	Indicated Mineral Resources		Inferred Mineral Resources		Total Mineral Resources	
	Mt	% Cu	Mt	% Cu	Mt	% Cu
Open pit	40	1.06	38	1.03	78	1.04
Underground	-	-	70	2.29	70	2.29

Notes:

1. Cut-off - 0.5% Cu for Open Pit Mineral Resource and 1.5% Cu for potential Underground Mineral Resource.
2. The Bornite Open Pit Mineral Resource is reported within a South32 optimised resource pit shell using South32 internal long term high copper price forecast.
3. Metallurgical recoveries range as a function of copper grade. A 91% recovery and 30% Cu concentrate grade is achieved at average copper feed grades.
4. All masses are reported as dry metric tonnes. All tonnes and grade information have been rounded to reflect relative uncertainty of the estimate, hence small differences may be present in the totals.

Estimate of Mineral Resources for the Bornite Deposit

South32 confirms the first time reporting of the Mineral Resource estimate for the Bornite Deposit as at 31 January 2020.

The estimates of Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 (JORC Code) and the Australian Securities Exchange Listing Rules.

Competent Person's Statement

The information in this report that relates to Mineral Resources for the Bornite Deposit is presented on a 100% basis, represents an estimate as at 31 January 2020, and is based on information compiled by Dr Sia Khosrowshahi.

Dr. Khosrowshahi is a Principal Ore Reserve Specialist with Golder Associates and is a Member of the Australasian Institute of Mining and Metallurgy. Dr. Khosrowshahi has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activities being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Competent Person consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

1. Fatalities, Total Recordable Injury Frequency (TRIF) per million hours worked and Employee Occupational Illness (EOI) per million hours worked, are all calculated in accordance with the United States Government Occupational Safety and Health Assessment (OSHA) guidelines for the recording and reporting of occupational injuries and illnesses.
2. All as at 31 December 2019 except "Women in leadership - Board" which is as at 31 January 2020. H1 FY20 information is unaudited.
3. Metrics describing sustainability performance apply to "operated assets" that have been wholly owned and operated by South32, or that have been operated by South32 in a joint venture operation.
4. Refers to Africans, Coloureds and Indians who are citizens of the Republic of South Africa by birth or descent (as more fully defined in the Broad-Based Black Economic Empowerment Amendment Act 2013, South Africa).
5. South32 leaders who report directly to the Lead Team.
6. All General Managers and Managers reporting to Vice President Operations and all Managers reporting to General Managers at an Operation, excluding Functional Managers.
7. Greenhouse gas (GHG) total includes Scope 1 and Scope 2 emissions, measured according to the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol (WRI/WBCSD).
8. FY20e comprises actual data in H1 FY20 with remaining left to FY20e target.
9. Other includes depreciation and amortisation, adjustments to provisions, ceased and sold operations, third party product EBIT and other income.
10. Underlying net finance cost and Underlying income tax expense are actual H1 FY20 results, not half-on-half variances.
11. Other includes freight, gas and explosives.
12. H1 FY19 third party product and services cost is US\$33M for aluminium, US\$13M for alumina, US\$214M for coal, US\$7M for manganese, US\$132M for freight services and US\$60M for aluminium raw materials. H1 FY20 third party product and services cost is US\$17M for aluminium, US\$14M for alumina, US\$176M for coal, nil for manganese, US\$100M for freight services and US\$43M for aluminium raw materials.
13. Includes accounting related adjustments.
14. Payable zinc equivalent (kt) was calculated by aggregating revenues from payable silver, lead and zinc, and dividing the total Revenue by the price of zinc. FY19 realised prices for zinc (US\$2,122/t), lead (US\$1,754/t) and silver (US\$14.4/oz) have been used for H1 FY20, FY20e and FY21e.
15. South Africa Energy Coal illustrative comparison based on upper end of FY20 prior guidance at US\$40/t.
16. Distributions include dividends and the net repayment of shareholder loans from manganese EAI. Net distributions include US\$69M returned from the sale of a legacy shareholding in an unlisted entity during Q2 FY20 for US\$93M (South32 share).
17. Other includes investments in / proceeds from financial investments, the purchase of shares by South32 Limited Employee Incentive Plans Trusts (ESOP Trusts), foreign exchange and other movements on leases, capitalised exploration, purchase of intangibles, net loan drawdowns from other EAI and interest on borrowings.
18. Capital allocation includes committed payments of the H1 FY20 ordinary dividend (US\$54M) and H1 FY20 special dividend (US\$54M) to be paid in April 2020, and remaining committed capital management program (US\$198M).
19. Greenfield exploration US\$30M, capitalised exploration US\$43M (excluding EAI) and EAI exploration US\$3M.
20. H1 FY20 adjusted is restated to reflect price and foreign exchange rate assumptions used for FY20 prior guidance. FY20 adjusted guidance is restated to reflect price and foreign exchange rate assumptions used for FY20 new guidance.
21. FY20 prior Operating unit cost guidance included royalties (where appropriate) and the influence of exchange rates, and includes various assumptions for FY20, including: an alumina price of US\$348/t; an average blended coal price of US\$158/t for Illawarra Metallurgical Coal; a manganese ore price of US\$5.64/dmtu for 44% manganese product; a nickel price of US\$5.54/lb; a thermal coal price of US\$69/t (API4) for South Africa Energy Coal; a silver price of US\$15.82/troy oz; a lead price of US\$1,921/t (gross of treatment and refining charges); a zinc price of US\$2,483/t (gross of treatment and refining charges); an AUD:USD exchange rate of 0.70; a USD:ZAR exchange rate of 15.06; a USD:COP exchange rate of 3,112; and a reference price for caustic soda; all of which reflected forward markets as at June 2019 or our internal expectations.
22. US dollar per tonne of ore processed. Periodic movements in finished product inventory may impact Operating unit cost.
23. Price-linked costs reflects commodity price-linked costs and market traded consumables.
24. FY20 new Operating unit cost guidance includes royalties (where appropriate) and the influence of exchange rates, and includes various assumptions for FY20, including: an alumina price of US\$283/t; an average blended coal price of US\$137/t for Illawarra Metallurgical Coal; a manganese ore price of US\$4.58/dmtu for 44% manganese product; a nickel price of US\$6.65/lb; a thermal coal price of US\$78/t (API4) for South Africa Energy Coal; a silver price of US\$17.60/troy oz; a lead price of US\$2,004/t (gross of treatment and refining charges); a zinc price of US\$2,319/t (gross of treatment and refining charges); an AUD:USD exchange rate of 0.69; a USD:ZAR exchange rate of 14.58; a USD:COP exchange rate of 3,364; and a reference price for caustic soda; all of which reflected forward markets as at January 2020 or our internal expectations.
25. 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.
26. Balance sheet movement (US\$33M) reflects net impact of a US\$47M increase in provisions as a result of amounts capitalised to the provision as a result of a review of underlying cash flow assumptions, a US\$2M increase in provisions associated with the capitalisation of foreign exchange impacts on restatement of closure provisions relating to open sites, and a US\$16M decrease as a result of closure activities.
27. Unwind of discount applied to closure and rehabilitation provisions.

The detonation (e) refers to an estimate or forecast year.

The following abbreviations have been used throughout this presentation: Illawarra Metallurgical Coal (IMC); South Africa Energy Coal (SAEC); equity accounted investments (EAI); and South Africa (SA).

