

27 March 2017

South32 Limited
(Incorporated in Australia under the *Corporations Act 2001* (Cth))
(ACN 093 732 597)
ASX / LSE / JSE Share Code: S32
ISIN: AU000000S320
south32.net

SOUTH32 TO RETURN AN ADDITIONAL US\$500M TO SHAREHOLDERS

South32 Limited (ASX, LSE, JSE: S32; ADR: SOUHY) (South32) today announced that it intends to return an additional US\$500M to shareholders, equating to 4.5% of the Group's current market capitalisation.¹ This capital management program, which complements the Group's dividend policy, will initially take the form of an on-market share buy-back in Australia.

South32 Chairman, David Crawford said: "The combination of our operating leverage, strong balance sheet and simple capital management framework is designed to maximise returns and reward shareholders as financial performance improves. Today's announcement further demonstrates our disciplined approach to capital management and our confidence in the Group's cash generating capacity."

South32 Chief Executive Officer, Graham Kerr said: "Our net cash balance continues to build giving us the financial strength and flexibility to invest in our existing operations, pursue opportunities where we can create value and return excess capital to shareholders. This US\$500M capital management program meaningfully increases shareholder returns and follows the recent announcement of our US\$192M interim dividend."

The timing and number of shares purchased under the on-market share buy-back will be contingent upon the prevailing share price and market conditions. The on-market share buy-back is not subject to shareholder approval and will be funded from existing cash reserves. Appendix 3C in respect of the on-market share buy-back is attached to this announcement.

The US\$500M capital management program is expected to be completed over a 12 month period and all alternatives will continue to be assessed to ensure this capital is returned in an efficient manner.

About South32

South32 is a globally diversified mining and metals company with high quality operations in Australia, Southern Africa and South America. Our purpose is to make a difference by developing natural resources, improving people's lives now and for generations to come. We are trusted by our owners and partners to realise the potential of their resources. We have a simple strategy to maximise the potential of our assets and shareholder returns by optimising our existing operations, unlocking their potential and identifying new opportunities to compete for capital.

¹ On the basis of the closing price of A\$2.72 per share on the Australian Securities Exchange on 24 March 2017, the Group had a market capitalisation of US\$11.0B.

FURTHER INFORMATION

INVESTOR RELATIONS

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

JSE Sponsor: UBS South Africa (Pty) Ltd
27 March 2017

Appendix 3C

Announcement of buy-back (except minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001, 11/01/10

Name of entity	ABN/ARSN
South32 Limited	84 093 732 597

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	On-Market
2	⁺ Class of shares/units which is the subject of the buy-back (eg, ordinary/preference)	Ordinary
3	Voting rights (eg, one for one)	One for one
4	Fully paid/partly paid (and if partly paid, details of how much has been paid and how much is outstanding)	Fully paid
5	Number of shares/units in the ⁺ class on issue	5,323,762,901
6	Whether shareholder/unitholder approval is required for buy-back	No
7	Reason for buy-back	Ongoing capital management

⁺ See chapter 19 for defined terms.

Appendix 3C

Announcement of buy-back

- 8 Any other information material to a shareholder's/unitholder's decision whether to accept the offer (*eg, details of any proposed takeover bid*)
- None, apart from any information publicly disclosed by South32 Limited (the **Company**) through ASX on or prior to the date of this notice

On-market buy-back

- 9 Name of broker who will act on the company's behalf
- Goldman Sachs Australia Pty Ltd
- 10 Deleted 30/9/2001.
- 11 If the company/trust intends to buy back a maximum number of shares - that number
- Note: This requires a figure to be included, not a percentage.
- Up to that number of shares for which the total buy-back consideration paid or payable is up to US\$500 million.
- The Company reserves the right to suspend or terminate the buy-back at any time
- 12 If the company/trust intends to buy back shares/units within a period of time - that period of time; if the company/trust intends that the buy-back be of unlimited duration - that intention
- The Company intends to buy-back shares in the period 11 April 2017 to 10 April 2018 (inclusive) or earlier if the maximum number of shares in Item 11 above is bought back prior to that date.
- The Company reserves the right to suspend or terminate the buy-back at any time
- 13 If the company/trust intends to buy back shares/units if conditions are met - those conditions
- Not applicable

Employee share scheme buy-back

- 14 Number of shares proposed to be bought back
- Not applicable
- 15 Price to be offered for shares
- Not applicable

⁺ See chapter 19 for defined terms.

Selective buy-back

16	Name of person or description of class of person whose shares are proposed to be bought back	Not applicable
17	Number of shares proposed to be bought back	Not applicable
18	Price to be offered for shares	Not applicable

Equal access scheme

19	Percentage of shares proposed to be bought back	Not applicable
20	Total number of shares proposed to be bought back if all offers are accepted	Not applicable
21	Price to be offered for shares	Not applicable
22	+Record date for participation in offer <small>Cross reference: Appendix 7A, clause 9.</small>	Not applicable

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

or, for trusts only:

- The trust is in compliance with all requirements of the Corporations Act as modified by Class Order 07/422, and of the trust's constitution, relevant to this buy-back.
- There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here:
(Company secretary)

Date: 27 March 2017

Print name: Nicole Duncan

⁺ See chapter 19 for defined terms.

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