

# Quarterly Report

## March 2019



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

- Net cash increased US\$48M to US\$726M despite an increase in working capital and the allocation of a further US\$37M to our on-market share buy-back in the quarter.
- Maintained FY19 Operating unit cost guidance for all our operations.
- Achieved record year to date ore production at Australia Manganese and increased FY19 production guidance by 4% at both our manganese ore operations as we continue to respond to favourable market conditions.
- Lowered FY19 production guidance at Worsley Alumina by 4% as we deliver initiatives to support a sustainable increase to nameplate capacity from FY20 and Brazil Alumina by 5% as we improve steam generation, enabling the realisation of the full benefits of the De-bottlenecking Phase One project.
- Reduced FY19 production guidance at South Africa Energy Coal, including low margin domestic production by 2Mt and export production by 0.8Mt following community protests and a slower than expected ramp-up of activity at Klipspruit after an insurable dragline outage.
- Remain on track to achieve FY19 production guidance at Illawarra Metallurgical Coal having completed longwall moves at Appin and Dendrobium following the end of the quarter and successfully renegotiated the remaining labour agreements.
- Maintained production guidance at Cannington, having commenced temporary road haulage during the quarter to mitigate the loss of rail following floods in North Queensland.
- Maintained production guidance at Hillside Aluminium and Mozal Aluminium despite an increase in the frequency of load-shedding events.

*"We achieved record year to date ore production at Australia Manganese and increased production guidance at both our manganese ore operations for FY19 as we respond to favourable market conditions."*

*"At Worsley Alumina we have lowered production guidance for FY19 as we focus on improving calciner performance to sustainably achieve nameplate capacity."*

*"We remain focussed on mitigating inflationary pressure and have maintained FY19 unit cost guidance for all our operations."*

*"We continue to reshape our portfolio having committed to the final year of our Trilogy Metals option, retaining the right to earn a 50% interest in the Upper Kobuk Mineral projects. The divestment of South Africa Energy Coal is on track with binding bids expected in the June 2019 quarter. Once an acceptable bid is received and evaluated, we expect to reclassify the operation as held for sale."*

*"Net cash has increased by US\$48M to US\$726M, following the return of a further US\$37M to shareholders through our on-market share buy-back."*

Graham Kerr, South32 CEO

Production summary			
South32 share	9M YTD18	9M YTD19	YoY
Alumina production (kt)	3,773	<b>3,743</b>	(1%)
Aluminium production (kt)	737	<b>737</b>	0%
Energy coal production (kt)	21,097	<b>19,239</b>	(9%)
Metallurgical coal production (kt)	2,076	<b>4,072</b>	96%
Manganese ore production (kwmnt)	4,199	<b>4,246</b>	1%
Manganese alloy production (kt)	180	<b>161</b>	(11%)
Payable nickel production (kt)	32.5	<b>30.5</b>	(6%)
Payable silver production (koz)	8,257	<b>8,948</b>	8%
Payable lead production (kt)	73.0	<b>73.1</b>	0%
Payable zinc production (kt)	28.8	<b>37.0</b>	28%

3Q18	2Q19	3Q19	QoQ
1,232	1,383	<b>1,201</b>	(13%)
242	247	<b>242</b>	(2%)
7,096	6,369	<b>6,310</b>	(1%)
794	1,567	<b>990</b>	(37%)
1,369	1,439	<b>1,360</b>	(5%)
62	57	<b>52</b>	(9%)
10.7	10.4	<b>9.4</b>	(10%)
3,082	2,882	<b>2,881</b>	(0%)
23.6	22.5	<b>24.8</b>	10%
8.6	13.1	<b>10.7</b>	(18%)

Unless otherwise noted: percentage variance relates to performance during the nine months ended March 2019 compared with the nine months ended March 2018 (YoY) or the March 2019 quarter compared with the December 2018 quarter (QoQ); production and sales volumes are reported on an attributable basis.

## Corporate Update

- Net cash<sup>1</sup> increased by US\$48M to US\$726M during the March 2019 quarter despite a rise in working capital and the continuation of our capital management program. We returned a further US\$37M to shareholders during the quarter by way of our on-market share buy-back. To 31 March 2019 we have bought back 286M shares at an average price of A\$3.13 per share. Subsequent to the end of the quarter we returned an additional US\$85M in the form of a special dividend, bringing total returns under our approved US\$1B capital management program to US\$908M with the remainder of the program due for completion by 5 September 2019. We also paid a fully franked interim dividend of US\$256M on 4 April 2019.
- We received net distributions<sup>2</sup> of US\$64M (South32 share) from our manganese equity accounted investments (EAI) during the quarter. The combination of strong operating performance and pricing has seen additional cash build in our manganese joint venture, despite Australia Manganese paying royalties of US\$124M (100% share) in respect of the prior 6 month period. Excess cash in the joint venture is expected to be distributed to partners in the June 2019 quarter.
- Our Operating unit costs are tracking to plan at all operations on the basis of previously disclosed exchange rate and commodity price assumptions<sup>3</sup>, albeit the cost profile of our aluminium smelters continues to be influenced by still elevated raw material prices.
- We remain on track to transform the ownership of South Africa Energy Coal with binding bids expected in the June 2019 quarter. Once acceptable bids are received and evaluated, we expect to reclassify the operation as an asset held for sale on the balance sheet and a discontinued operation in the income statement.
- The primary corporate tax rates applicable to the Group include: Australia 30%, South Africa 28%, Colombia 33%<sup>4</sup>, Mozambique 0%<sup>4</sup> and Brazil 34%. The disproportionate effect of intragroup agreements and other permanent differences can impact the Effective Tax Rate (ETR) of the Group when margins are compressed, or losses are incurred in specific jurisdictions. In the December 2018 half year our ETR was 37.3% and we now expect the FY19 ETR to remain elevated given continued compressed margins at our aluminium smelters, as profits have moved upstream to our refineries which are located in higher tax rate jurisdictions.

Production guidance (South32 share)	FY18	9M YTD19	FY19e	Comments
Worsley Alumina				
Alumina production (kt)	3,764	2,799	↓ 3,795	Guidance reduced by 4% as we prioritise initiatives to support a sustainable increase in production to nameplate capacity ahead of future de-bottlenecking
Brazil Alumina				
Alumina production (kt)	1,304	944	↓ 1,285	Guidance reduced by 5% with package boilers introduced to improve the reliability of steam generation ahead of realising the full benefits of the De-bottlenecking Phase One project
Hillside Aluminium				
Aluminium production (kt)	712	536	720	
Mozal Aluminium				
Aluminium production (kt)	271	201	269	
South Africa Energy Coal <sup>5</sup>				
Energy coal production (kt)	27,271	18,269	↓ 26,200	Lower margin domestic guidance reduced by 11% following community protests and a delay in the implementation of a new shift pattern at Khutala Export guidance reduced by 7% due to the slower than expected ramp-up of activity at Klipspruit after an insurable dragline outage
Domestic coal production (kt)	15,154	11,595	↓ 15,500	
Export coal production (kt)	12,117	6,674	↓ 10,700	
Illawarra Metallurgical Coal				
Total coal production (kt)	4,244	5,042	6,500	
Metallurgical coal production (kt)	3,165	4,072	5,200	
Energy coal production (kt)	1,079	970	1,300	
Australia Manganese				
Manganese ore production (kwmt)	3,396	2,631	↑ 3,500	Guidance increased by 4% (subject to market demand)
South Africa Manganese				
Manganese ore production <sup>6</sup> (kwmt)	2,145	1,615	↑ 2,130	Guidance increased by 4% (subject to market demand)
Cerro Matoso				
Payable nickel production (kt)	43.8	30.5	40.5	
Cannington				
Payable zinc equivalent production <sup>7</sup> (kt)	187.2	140.1	188.1	
Payable silver production (koz)	12,491	8,948	11,750	
Payable lead production (kt)	104.4	73.1	98.0	
Payable zinc production (kt)	41.3	37.0	51.0	

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

## Development and Exploration Update

- We invested US\$25M in our early stage greenfield exploration projects during the nine months ended March 2019. This included US\$10M to maintain our option with Trilogy Metals Inc. (TSX:TMQ) for the third and final year, retaining our right to earn a 50% interest in the Upper Kobuk Mineral projects in Alaska by committing approximately US\$150M to a 50:50 joint venture by 31 January 2020. Our guidance for FY19 greenfield exploration remains unchanged at US\$41M.
- We directed US\$29M towards exploration programs at our existing operations in the nine months ended March 2019 (US\$18M capitalised). This included US\$2M for our EAI (US\$1M capitalised) and US\$12M at the Hermosa project (all capitalised) to further increase our knowledge of this high grade resource. We remain on track to declare a Mineral Resource<sup>8</sup> for Hermosa in accordance with the JORC Code during the June 2019 quarter.
- We commenced a drilling program at the Eagle Downs Metallurgical Coal project to further support the completion of the feasibility study ahead of a final investment decision scheduled for the December 2020 half year.

## Worsley Alumina

(86% share)

South32 share	9M YTD18	9M YTD19	YoY	3Q18	2Q19	3Q19	3Q19 vs 3Q18	3Q19 vs 2Q19
Alumina production (kt)	2,783	<b>2,799</b>	1%	918	1,052	<b>893</b>	(3%)	(15%)
Alumina sales (kt)	2,796	<b>2,821</b>	1%	910	1,035	<b>936</b>	3%	(10%)

Worsley Alumina saleable production increased by 1% (or 16kt) to 2.8Mt in the nine months ended March 2019, as further calciner maintenance was undertaken and the refinery retained a substantial hydrate inventory position. We have commenced several initiatives that are expected to improve calciner availability and support a sustainable increase in production to nameplate capacity of 4.6Mtpa (100% basis) from FY20. Given this focus, we now expect FY19 production of 3,795kt (versus prior guidance of 3,965kt).

## Brazil Alumina

(36% share)

South32 share	9M YTD18	9M YTD19	YoY	3Q18	2Q19	3Q19	3Q19 vs 3Q18	3Q19 vs 2Q19
Alumina production (kt)	990	<b>944</b>	(5%)	314	331	<b>308</b>	(2%)	(7%)
Alumina sales (kt)	963	<b>866</b>	(10%)	314	317	<b>247</b>	(21%)	(22%)

Brazil Alumina saleable production decreased by 5% (or 46kt) to 944kt in the nine months ended March 2019 as boiler performance and power outages impacted production and our ability to realise the full benefits of the De-bottlenecking Phase One project. We now expect FY19 production of 1,285kt (versus prior guidance of 1,355kt) with the addition of package boilers in the June 2019 quarter to improve the reliability of steam generation. Production guidance of 1,370kt for FY20 remains unchanged.

## Hillside Aluminium

(100%)

South32 share	9M YTD18	9M YTD19	YoY	3Q18	2Q19	3Q19	3Q19 vs 3Q18	3Q19 vs 2Q19
Aluminium production (kt)	533	<b>536</b>	1%	175	180	<b>176</b>	1%	(2%)
Aluminium sales (kt)	528	<b>516</b>	(2%)	184	182	<b>156</b>	(15%)	(14%)

Hillside Aluminium saleable production increased by 1% (or 3kt) to 536kt in the nine months ended March 2019 as the smelter continued to test its maximum technical capacity, despite an increase in the frequency of load-shedding events. FY19 production guidance remains unchanged at 720kt, but remains subject to load-shedding. Sales declined by 14% in the March 2019 quarter reflecting the timing of shipments.

Notwithstanding the smelter's continued strong operating performance, its cost profile continues to be influenced by still elevated raw material prices, including alumina sourced from Worsley Alumina. In order to ensure the smelter's ongoing sustainability and to improve its competitiveness, we commenced a consultation process with our employees<sup>9</sup> during the March 2019 quarter regarding a proposed restructure of the business. We expect this process to conclude in the June 2019 quarter.

## Mozal Aluminium

(47.1% share)

South32 share	9M YTD18	9M YTD19	YoY	3Q18	2Q19	3Q19	3Q19 vs 3Q18	3Q19 vs 2Q19
Aluminium production (kt)	204	<b>201</b>	(1%)	67	67	<b>66</b>	(1%)	(1%)
Aluminium sales (kt)	198	<b>198</b>	0%	51	70	<b>69</b>	35%	(1%)

Mozal Aluminium saleable production decreased by 1% (or 3kt) to 201kt in the nine months ended March 2019 as the smelter's operating performance was impacted by an increase in the frequency of load-shedding events. FY19 production guidance remains unchanged at 269kt, but remains subject to load-shedding.

Notwithstanding the smelter's continued strong operating performance, its cost profile continues to be influenced by still elevated raw material prices, including alumina sourced from Worsley Alumina. Damage caused by Cyclone Idai to in-country power distribution lines during the March 2019 quarter is also expected to result in higher power costs for the smelter during the June 2019 half year.

## South Africa Energy Coal

(100%)

South32 share	9M YTD18	9M YTD19	YoY	3Q18	2Q19	3Q19	3Q19 vs 3Q18	3Q19 vs 2Q19
Energy coal production (kt)	20,164	<b>18,269</b>	(9%)	6,741	6,001	<b>6,098</b>	(10%)	2%
Domestic sales (kt)	11,169	<b>11,699</b>	5%	3,835	3,646	<b>3,950</b>	3%	8%
Export sales (kt)	9,337	<b>6,753</b>	(28%)	3,472	2,283	<b>2,547</b>	(27%)	12%

South Africa Energy Coal saleable production decreased by 9% (or 1,895kt) to 18.3Mt in the nine months ended March 2019, albeit production improved during the March 2019 quarter as domestic sales volumes benefitted from a contract to sell lower quality stockpiled product.

Notwithstanding the improved performance, disruptions caused by community protests, a delay in the implementation of a new shift pattern at Khutala and the slower than expected ramp-up of activity following the Klipspruit dragline's return to service resulted in lower than planned volumes in the March 2019 quarter. The dragline incident at Klipspruit has been confirmed as an insurable event and the volume and cost impact will be subject to an insurance claim. We now expect FY19 export production of 10.7Mt (versus prior guidance of 11.5Mt) and a larger decline in lower margin domestic production to 15.5Mt (versus prior guidance of 17.5Mt).

We remain on track to transform the ownership of South Africa Energy Coal with binding bids expected in the June 2019 quarter. Once acceptable bids are received and evaluated, we expect to reclassify South Africa Energy Coal as an asset held for sale on the balance sheet and a discontinued operation in the income statement.

## Illawarra Metallurgical Coal

(100%)

South32 share	9M YTD18	9M YTD19	YoY	3Q18	2Q19	3Q19	3Q19 vs 3Q18	3Q19 vs 2Q19
Total coal production (kt)	3,009	<b>5,042</b>	68%	1,149	1,935	<b>1,202</b>	5%	(38%)
Total coal sales (kt)	2,751	<b>4,790</b>	74%	1,091	1,755	<b>1,531</b>	40%	(13%)
Metallurgical coal production (kt)	2,076	<b>4,072</b>	96%	794	1,567	<b>990</b>	25%	(37%)
Metallurgical coal sales (kt)	1,817	<b>3,783</b>	108%	760	1,349	<b>1,256</b>	65%	(7%)
Energy coal production (kt)	933	<b>970</b>	4%	355	368	<b>212</b>	(40%)	(42%)
Energy coal sales (kt)	934	<b>1,007</b>	8%	331	406	<b>275</b>	(17%)	(32%)

Illawarra Metallurgical Coal saleable production increased by 68% (or 2,033kt) to 5.0Mt in the nine months ended March 2019 as the Dendrobium and Appin longwalls performed strongly. We also successfully renegotiated a new Appin Trades and Operators and West Cliff Coal Preparation Plant Enterprise Agreement during the March 2019 quarter, thereby concluding the renegotiation of all major labour agreements at the operation.

FY19 production guidance remains unchanged at 6.5Mt as we commence the extraction of new panels at both Appin and Dendrobium in the June 2019 quarter, following the successful completion of two longwall moves. Our focus remains on achieving a substantial uplift in development rates at Appin in order to sustain the operation of two longwalls in parallel from H2 FY20.

## Australia Manganese

(60% share)

South32 share	9M YTD18	9M YTD19	YoY	3Q18	2Q19	3Q19	3Q19 vs 3Q18	3Q19 vs 2Q19
Manganese ore production (kwmt)	2,531	<b>2,631</b>	4%	830	879	<b>820</b>	(1%)	(7%)
Manganese ore sales (kwmt)	2,415	<b>2,522</b>	4%	803	856	<b>782</b>	(3%)	(9%)
Manganese alloy production (kt)	123	<b>114</b>	(7%)	41	35	<b>38</b>	(7%)	9%
Manganese alloy sales (kt)	115	<b>105</b>	(9%)	37	47	<b>29</b>	(22%)	(38%)

Australia Manganese achieved record ore performance in the nine months ended March 2019, increasing saleable ore production by 4% (or 100kwmt) to 2,631kwmt. The primary circuit continued to achieve high utilisation rates despite the impact of the wet season, while the Premium Concentrate Ore (PC02) circuit operated at approximately 120% of its design capacity, contributing 10% of total production as we continued to take advantage of strong market conditions. Notwithstanding the potential impact from the wet season across the remainder of the financial year, we now expect FY19 production of 3,500kwmt (versus prior guidance of 3,350kwmt).

Manganese alloy saleable production decreased by 7% (or 9kt) to 114kt in the nine months ended March 2019.

## South Africa Manganese

(60% share)

South32 share	9M YTD18	9M YTD19	YoY	3Q18	2Q19	3Q19	3Q19 vs 3Q18	3Q19 vs 2Q19
Manganese ore production (kwmt)	1,668	<b>1,615</b>	(3%)	539	560	<b>540</b>	0%	(4%)
Manganese ore sales (kwmt)	1,543	<b>1,540</b>	(0%)	476	523	<b>530</b>	11%	1%
Manganese alloy production (kt)	57	<b>47</b>	(18%)	21	22	<b>14</b>	(33%)	(36%)
Manganese alloy sales (kt)	49	<b>51</b>	4%	21	19	<b>16</b>	(24%)	(16%)

South Africa Manganese saleable ore production decreased by 3% (or 53kwmt) to 1,615kwmt in the nine months ended March 2019 as an increase in higher quality premium material was more than offset by a decline in fine grained secondary material. While we will continue to monitor market conditions, we now expect FY19 production of 2,130kwmt (versus prior guidance of 2,050kwmt) as we optimise our use of higher cost trucking in response to currently strong demand.

Manganese alloy saleable production decreased by 18% (or 10kt) to 47kt in the nine months ended March 2019.

## Cerro Matoso

(99.9% share)

South32 share	9M YTD18	9M YTD19	YoY	3Q18	2Q19	3Q19	3Q19 vs 3Q18	3Q19 vs 2Q19
Payable nickel production (kt)	32.5	<b>30.5</b>	(6%)	10.7	10.4	<b>9.4</b>	(12%)	(10%)
Payable nickel sales (kt)	32.1	<b>30.4</b>	(5%)	10.8	10.4	<b>9.1</b>	(15%)	(13%)

Cerro Matoso payable nickel production decreased by 6% (or 2.0kt) to 30.5kt in the nine months ended March 2019 as a planned increase in the contribution of lower grade stockpiled ore feed was realised. FY19 production guidance remains unchanged at 40.5kt following the completion of a planned furnace outage during the March 2019 quarter.



South32 share	9M YTD18	9M YTD19	YoY	3Q18	2Q19	3Q19	3Q19 vs 3Q18	3Q19 vs 2Q19
Payable zinc equivalent production (kt)	128.3	<b>140.1</b>	9%	42.9	45.5	<b>44.9</b>	5%	(1%)
Payable silver production (koz)	8,257	<b>8,948</b>	8%	3,082	2,882	<b>2,881</b>	(7%)	(0%)
Payable silver sales (koz)	8,443	<b>8,160</b>	(3%)	3,014	3,283	<b>1,820</b>	(40%)	(45%)
Payable lead production (kt)	73.0	<b>73.1</b>	0%	23.6	22.5	<b>24.8</b>	5%	10%
Payable lead sales (kt)	72.1	<b>59.8</b>	(17%)	23.5	24.6	<b>12.7</b>	(46%)	(48%)
Payable zinc production (kt)	28.8	<b>37.0</b>	28%	8.6	13.1	<b>10.7</b>	24%	(18%)
Payable zinc sales (kt)	32.0	<b>31.9</b>	(0%)	6.3	15.9	<b>7.2</b>	14%	(55%)

Cannington payable zinc equivalent production increased by 9% (or 11.8kt) to 140.1kt in the nine months ended March 2019 as silver and zinc grades improved in accordance with our expectations and mill throughput continued to track to plan. Lower payable silver, lead and zinc sales in the March 2019 quarter reflect timing differences following significant floods in North Queensland that caused an extended outage of a third-party rail line connecting Cannington to the Townsville Port. FY19 zinc equivalent<sup>7</sup> production guidance remains unchanged at 188.1kt (silver 11,750koz, lead 98.0kt and zinc 51.0kt) with the disruption to rail successfully mitigated by temporary road haulage, at minimal incremental cost.

#### Notes:

1. 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.
2. Net distributions from equity accounted investments includes net debt movements and dividends, which are unaudited and should not be considered as an indication of or alternative to an IFRS measure of profitability, financial performance or liquidity.
3. FY19 Operating unit cost guidance includes royalties (where appropriate) and the influence of exchange rates, and includes various assumptions for FY19, including: an alumina price of US\$443/t; an average blended coal price of US\$173/t for Illawarra Metallurgical Coal; a manganese ore price of US\$6.58/dmtu for 44% manganese product; a nickel price of US\$5.47/lb; a thermal coal price of US\$92/t (API4) for South Africa Energy Coal; a silver price of US\$15.06/troy oz; a lead price of US\$2,023/t (gross of treatment and refining charges); a zinc price of US\$2,587/t (gross of treatment and refining charges); an AUD:USD exchange rate of 0.72; a USD:ZAR exchange rate of 14.02; a USD:COP exchange rate of 3,096; and a reference price for caustic soda; all of which reflected forward markets as at January 2019 or our internal expectations.
4. The Colombian corporate tax rate was 40% during CY17, 37% during CY18 and is 33% in CY19. The corporate tax rate will decrease on an annual basis by a percent each year, stabilising at 30% from 1 January 2022. The Mozambique operations are subject to a royalty on revenues instead of income tax.
5. 8% of South Africa Energy Coal is owned by a Broad-Based Black Economic Empowerment (B-BBEE) consortium. The interests owned by the B-BBEE consortium were acquired using vendor finance, with the loans repayable to South32 via distributions attributable to these parties, pro rata to their share in South Africa Energy Coal. Until these loans are repaid, South32's interest in South Africa Energy Coal is accounted at 100%.
6. Consistent with the presentation of South32's segment information, South Africa Manganese ore and sales have been reported at 60%. The Group's financial statements will continue to reflect a 54.6% interest in South Africa Manganese ore.
7. Payable Zinc Equivalent (kt) is calculated by aggregating Revenue from payable silver, lead and zinc, and dividing the total Revenue by the price of zinc. FY18 realised prices for zinc (US\$3,185/t), lead (US\$2,463/t) and silver (US\$16.6/oz) have been used for FY18 and FY19e.
8. The information in this release that relates to estimates of Mineral Resources for the Hermosa project are foreign estimates under ASX Listing Rules and reference should be made to the clarifying statement on Mineral Resources in the market announcement 'South32 to acquire Arizona Mining in agreed all cash offer' dated 18 June 2018, in accordance with ASX Listing Rule 5.12. South32 is not in possession of any new information or data relating to the foreign estimate that materially impacts on the reliability of the estimates. South32 confirms that the information contained in the clarifying statement in the 18 June 2018 market announcement continues to apply and has not materially changed. The estimates of Mineral Resources are not reported in accordance with the JORC Code. Competent Persons have not done sufficient work to classify the foreign estimates as Mineral Resources in accordance with JORC Code. It is uncertain that following evaluation and further exploration that the foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code.
9. On 18 February 2019 South32 informed employees at its Hillside Aluminium smelter in Richards Bay, South Africa, that it intends to commence consultation with them in accordance with Section 189 of the Labour Relations Act. The consultation is related to a proposed restructure of the business.
10. The following abbreviations have been used throughout this report: US\$ million (US\$M); US\$ billion (US\$B); grams per tonne (g/t); tonnes (t); thousand tonnes (kt); thousand tonnes per annum (ktpa); million tonnes (Mt); million tonnes per annum (Mtpa); ounces (oz); thousand ounces (koz); million ounces (Moz); thousand wet metric tonnes (kwmt); million wet metric tonnes (Mwmt); million wet metric tonnes per annum (Mwmt pa); thousand dry metric tonnes (kdmt).

## Operating Performance

South32 share	9M YTD18	9M YTD19	3Q18	4Q18	1Q19	2Q19	3Q19
<b>Worsley Alumina (86% share)</b>							
Alumina hydrate production (kt)	2,885	<b>2,868</b>	938	911	959	988	<b>921</b>
Alumina production (kt)	2,783	<b>2,799</b>	918	981	854	1,052	<b>893</b>
Alumina sales (kt)	2,796	<b>2,821</b>	910	967	850	1,035	<b>936</b>
<b>Brazil Alumina (36% share)</b>							
Alumina production (kt)	990	<b>944</b>	314	314	305	331	<b>308</b>
Alumina sales (kt)	963	<b>866</b>	314	378	302	317	<b>247</b>
<b>Hillside Aluminium (100%)</b>							
Aluminium production (kt)	533	<b>536</b>	175	179	180	180	<b>176</b>
Aluminium sales (kt)	528	<b>516</b>	184	183	178	182	<b>156</b>
<b>Mozal Aluminium (47.1% share)</b>							
Aluminium production (kt)	204	<b>201</b>	67	67	68	67	<b>66</b>
Aluminium sales (kt)	198	<b>198</b>	51	76	59	70	<b>69</b>
<b>South Africa Energy Coal (100%)</b>							
Energy coal production (kt)	20,164	<b>18,269</b>	6,741	7,107	6,170	6,001	<b>6,098</b>
Domestic sales (kt)	11,169	<b>11,699</b>	3,835	4,227	4,103	3,646	<b>3,950</b>
Export sales (kt)	9,337	<b>6,753</b>	3,472	3,181	1,923	2,283	<b>2,547</b>
<b>Illawarra Metallurgical Coal (100%)</b>							
Total coal production (kt)	3,009	<b>5,042</b>	1,149	1,235	1,905	1,935	<b>1,202</b>
Total coal sales (kt)	2,751	<b>4,790</b>	1,091	1,365	1,504	1,755	<b>1,531</b>
Metallurgical coal production (kt)	2,076	<b>4,072</b>	794	1,089	1,515	1,567	<b>990</b>
Metallurgical coal sales (kt)	1,817	<b>3,783</b>	760	1,120	1,178	1,349	<b>1,256</b>
Energy coal production (kt)	933	<b>970</b>	355	146	390	368	<b>212</b>
Energy coal sales (kt)	934	<b>1,007</b>	331	245	326	406	<b>275</b>
<b>Australia Manganese (60% share)</b>							
Manganese ore production (kwmt)	2,531	<b>2,631</b>	830	865	932	879	<b>820</b>
Manganese ore sales (kwmt)	2,415	<b>2,522</b>	803	875	884	856	<b>782</b>
Ore grade sold (% , Mn)	45.7	<b>45.9</b>	45.0	45.7	46.1	45.8	<b>45.8</b>
Manganese alloy production (kt)	123	<b>114</b>	41	42	41	35	<b>38</b>
Manganese alloy sales (kt)	115	<b>105</b>	37	55	29	47	<b>29</b>
<b>South Africa Manganese (60% share)</b>							
Manganese ore production (kwmt)	1,668	<b>1,615</b>	539	477	515	560	<b>540</b>
Manganese ore sales (kwmt)	1,543	<b>1,540</b>	476	539	487	523	<b>530</b>
Ore grade sold (% , Mn)	40.2	<b>40.1</b>	40.1	39.1	40.0	40.5	<b>39.7</b>
Manganese alloy production (kt)	57	<b>47</b>	21	22	11	22	<b>14</b>
Manganese alloy sales (kt)	49	<b>51</b>	21	18	16	19	<b>16</b>



South32 share	9M YTD18	9M YTD19	3Q18	4Q18	1Q19	2Q19	3Q19
<b>Cerro Matoso (99.9% share)</b>							
Ore mined (kwmt)	2,918	<b>1,854</b>	831	823	613	596	<b>645</b>
Ore processed (kdmt)	2,012	<b>2,035</b>	672	710	712	689	<b>634</b>
Ore grade processed (% Ni)	1.81	<b>1.67</b>	1.76	1.73	1.68	1.69	<b>1.63</b>
Payable nickel production (kt)	32.5	<b>30.5</b>	10.7	11.3	10.7	10.4	<b>9.4</b>
Payable nickel sales (kt)	32.1	<b>30.4</b>	10.8	11.2	10.9	10.4	<b>9.1</b>
<b>Cannington (100%)</b>							
Ore mined (kwmt)	1,780	<b>1,954</b>	571	683	623	683	<b>648</b>
Ore processed (kdmt)	1,712	<b>1,791</b>	544	643	638	606	<b>547</b>
Silver ore grade processed (g/t, Ag)	178	<b>188</b>	207	237	184	181	<b>202</b>
Lead ore grade processed (% Pb)	5.1	<b>5.0</b>	5.2	5.8	4.9	4.7	<b>5.6</b>
Zinc ore grade processed (% Zn)	2.5	<b>3.0</b>	2.5	2.8	2.9	3.0	<b>3.0</b>
Payable Zinc equivalent production (kt)	128.3	<b>140.1</b>	42.9	58.9	49.7	45.5	<b>44.9</b>
Payable silver production (koz)	8,257	<b>8,948</b>	3,082	4,234	3,185	2,882	<b>2,881</b>
Payable silver sales (koz)	8,443	<b>8,160</b>	3,014	3,542	3,057	3,283	<b>1,820</b>
Payable lead production (kt)	73.0	<b>73.1</b>	23.6	31.4	25.8	22.5	<b>24.8</b>
Payable lead sales (kt)	72.1	<b>59.8</b>	23.5	25.8	22.5	24.6	<b>12.7</b>
Payable zinc production (kt)	28.8	<b>37.0</b>	8.6	12.5	13.2	13.1	<b>10.7</b>
Payable zinc sales (kt)	32.0	<b>31.9</b>	6.3	13.0	8.8	15.9	<b>7.2</b>

### Forward-looking statements

This release 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 release, however they are not guarantees or predictions of future performance. 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 release. Readers are cautioned not to put undue reliance on forward-looking statements. 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.

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