



18 April 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

ACQUISITION OF THE METROPOLITAN COLLIERY WILL NOT PROCEED

South32 Limited (ASX, LSE, JSE: S32; ADR: SOUHY) (South32) announces that the proposed acquisition of the Metropolitan Colliery and associated 16.67% interest in the Port Kembla Coal Terminal from an Australian subsidiary of Peabody Energy Corporation will not proceed.

On 23 February 2017, the ACCC issued a Statement of Issues, concerned that the proposed acquisition may substantially lessen competition in the supply of metallurgical coal to Australian steelmakers.

South32 has always maintained that metallurgical coal is a globally traded commodity. Given this, South32 is not prepared to make significant concessions in favour of Australian steelmakers that would likely be required to mitigate the competition concerns. To do so would be contrary to the global market in which metallurgical coal producers compete and would adversely affect the value proposition of the acquisition.

South32 Chief Executive Officer Graham Kerr said: "Our approach to acquisitions is always opportunistic and seen through the lens of creating value for our shareholders.

"To proceed with the acquisition, in light of the anticipated concessions, would have compromised the merits of the transaction and this is not something we are prepared to do."

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.

FURTHER INFORMATION

INVESTOR RELATIONS

Alex Volante

T +61 8 9324 9029

M +61 403 328 408

E Alex.Volante@south32.net

Rob Ward

T +61 8 9324 9340

M +61 431 596 831

E Robert.Ward@south32.net

MEDIA RELATIONS

Diana Wearing Smith

T +61 8 9324 9198

M +61 436 482 290

E Diana.Smith@south32.net

Hayley Cardy

T +61 8 9324 9008

M +61 409 448 288

E Hayley.Cardy@south32.net

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

JSE Sponsor: UBS South Africa (Pty) Ltd

18 April 2017