



31 October 2016

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

ILLAWARRA METALLURGICAL COAL PRODUCTION UPDATE

South32 Limited (ASX, JSE, LSE: S32) (South32) announces that production at its Illawarra Metallurgical Coal operation will be affected by the temporary suspension of its Appin Area 9 longwall and lower rates of production at the Appin Area 7 longwall. A saleable production loss of approximately 500kt is currently anticipated and will translate directly to sales given low inventory levels.

The Appin mine received a prohibition notice from the New South Wales Department of Industry, Resources and Energy on 26 October 2016, having reported elevated gas concentrations at Appin Area 7. Longwalls 7 and 9 were subsequently suspended to enable an investigation to be completed. The elevated gas concentrations resulted from the failure of a ventilation fan which was promptly rectified.

Having restarted the longwall at Area 9, it became apparent that the outage exacerbated challenging ground conditions and production has now been suspended to complete remedial work. These works are expected to be completed within four weeks and this outage accounts for the majority of lost production. In addition, the Appin Area 7 longwall will run at a reduced rate before ramping up to full capacity once the necessary tests confirm that we can maintain methane gas concentrations at a safe level.

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

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

JSE Sponsor: UBS South Africa (Pty) Ltd
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