



10 May 2017

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

ILLAWARRA METALLURGICAL COAL UPDATE

South32 Limited (ASX, JSE, LSE: S32; ADR: SOUHY) (South32) advises today that production at Illawarra Metallurgical Coal in FY17 is expected to be at least 10 per cent below prior guidance of 7.9Mt.

On 7 May 2017 elevated gas concentrations were recorded at Appin Area 7. All personnel were safely evacuated. We have informed the New South Wales Department of Planning and Environment (Resources Regulator) of the incident and a prohibition notice has been issued.

Production at the Area 7 and Area 9 longwalls, which form part of the broader Illawarra Metallurgical Coal operation, has been suspended until our investigation into the incident is completed. A revised production forecast for FY17 will be provided in due course, with the decrease expected to translate directly to sales given low inventory levels. A commensurate increase in unit costs is also anticipated.

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.

Forward-looking statements

This release contains forward-looking statements, including statements about production forecasts. 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, South32 Limited 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.

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
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