



South32 Limited  
(Incorporated in Australia under the Corporations Act, 2001)  
(ACN 093 732 597)  
JSE Share Code: S32  
ISIN: AU000000S320  
("South32" or "the Company")

9 June 2015

### **SAMANCOR MANGANESE JOINT VENTURE TO DELAY RESTARTING THREE FURNACES AT ITS METALLOYS MANGANESE OPERATION IN SOUTH AFRICA**

South32 Limited (ASX, LSE, JSE: S32) (**South32**): South32, in its capacity as manager of the Samancor Manganese joint venture, announced today that the joint venture has made a decision to delay the restart of three of the four high-carbon ferromanganese (HCFeMn) furnaces at its Metalloys manganese alloy operation<sup>1</sup> in South Africa.

The decision follows a decline in HCFeMn alloy prices of approximately 20 per cent since the start of the 2015 financial year and is aligned with South32's commitment to maximise per share financial performance, rather than volume. No permanent employees will be retrenched as a result of this temporary suspension.

Following this decision, the joint venture is engaging with Transnet to secure access to the necessary rail and port capacity required to export additional manganese ore from its South African mining operations; however, export volumes will remain dependent on market conditions.

South32 also confirms that a review of the fair value of its interest in the Samancor Manganese joint venture is currently underway. The process is expected to have implications for the fair value adjustment<sup>2</sup> that is required pursuant to the conclusion of the Amended and Restated Umbrella Agreement governing the joint venture.

Samancor Manganese is the world's largest producer of manganese with operations in South Africa and Australia. Its Australian operations include GEMCO, an open-cut manganese mine in the Northern Territory, ranked as the largest and one of the world's lowest cost manganese ore producers, and TEMCO, a manganese alloy plant in Tasmania. The joint venture's African operations include the Hotazel Manganese Mines located in the Kalahari Basin in South Africa's Northern Cape Province, a region that holds 80 per cent of the world's manganese resource endowment. Its African operations also include Metalloys, a smelter that is integrated with the Hotazel Manganese Mines, creating an alternative logistical route for manganese into the export markets.

<sup>1</sup> Metalloys, one of the largest manganese smelters in the world, is owned by Samancor Manganese, a 60:40 joint venture between South32 and Anglo American.

<sup>2</sup> On 19 August 2014, BHP Billiton announced that it had agreed with Anglo American to make certain changes to the agreement which governs their interests in the Samancor Manganese joint venture. On completion, BHP Billiton subsequently discontinued consolidation of the manganese business and recorded its retained 60 per cent interest at fair value.

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Further information on South32 Limited can be found at: [www.South32.net](http://www.South32.net).