

# MEDIA RELEASE

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## **SOUTH32 COMPLETES ACQUISITION OF 50% INTEREST IN EAGLE DOWNS AND ASSUMES OPERATORSHIP**

South32 Limited (ASX, JSE, LSE: S32; ADR: SOUHY) (South32) announced today that it had completed the acquisition of a 50% interest in the Eagle Downs metallurgical coal project in Queensland's Bowen Basin (Eagle Downs). South32 has assumed operatorship with the other 50% interest in the project held by Aquila Resources Pty Ltd (Aquila), a subsidiary of BaoWu.

The consideration comprises an upfront payment of approximately US\$106M (excluding transaction costs), a deferred payment of US\$27M due three years after completion and a coal price linked production royalty that will also be payable and is capped at US\$80M. The upfront payment has been funded from the Group's cash reserves.

South32 Chief Executive Officer Graham Kerr said, "The acquisition of Eagle Downs embeds another attractive development option within our growing portfolio, with the upfront payment representing a minor premium to the historical infrastructure spend reflecting our move to operating control."

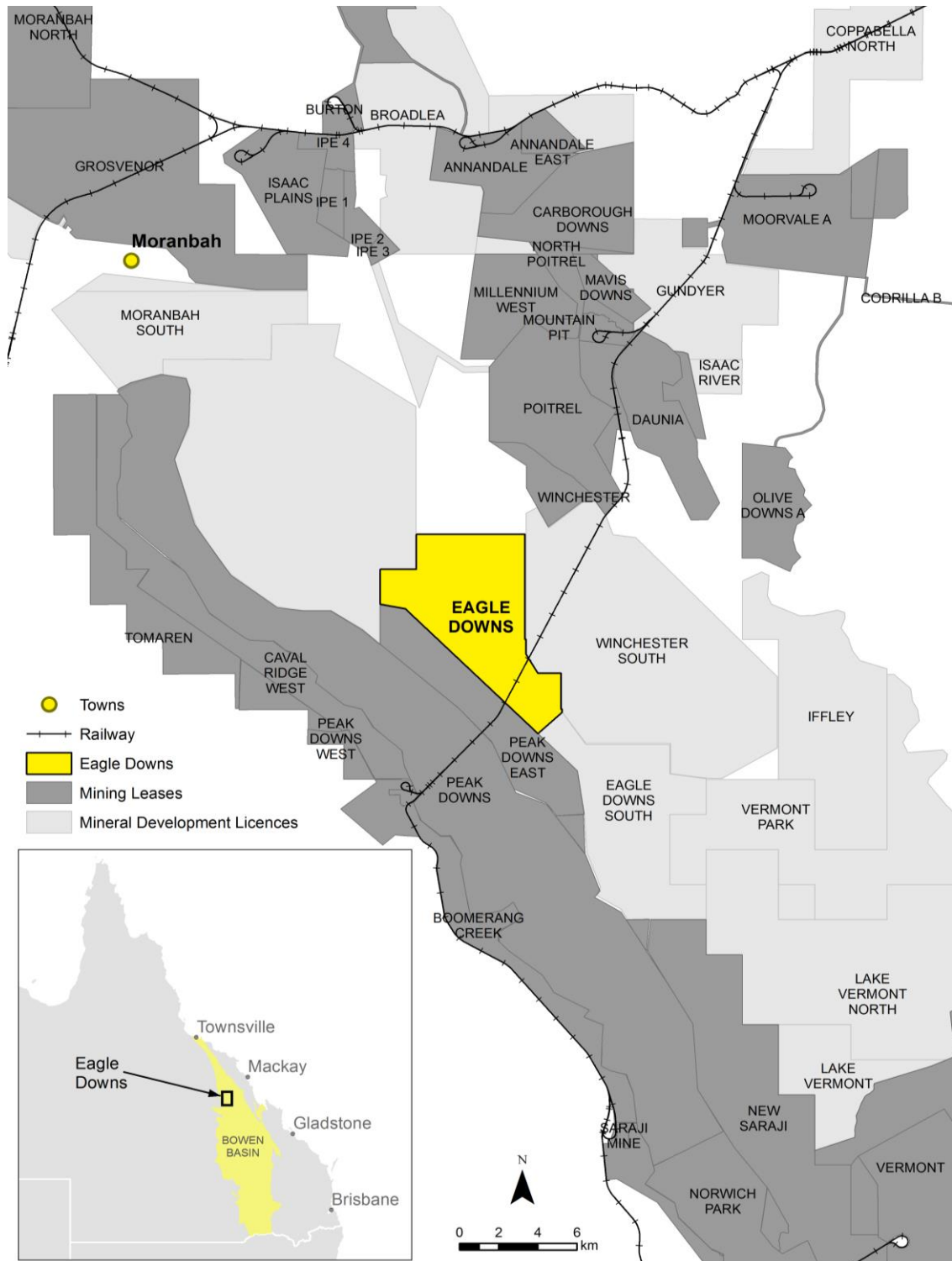
"We are pleased to be able to further strengthen our long-standing relationship with BaoWu and look forward to working with Aquila to commence the final feasibility study to optimise the mine design and development."

Subject to the findings of the feasibility study, South32 and Aquila plan to construct a multi-seam underground longwall metallurgical coal mine and processing plant with a dedicated rail spur and train loadout facility.

Eagle Downs is a large, high quality and fully permitted metallurgical coal development project located approximately 25km south-east of the town of Moranbah. The project was placed under care and maintenance in late 2015 having benefitted from initial investment that delivered site infrastructure including water supply and high voltage systems, office buildings and water and sediment dams. Dual 2km drifts are also approximately 40% complete.

***Ends***

### Location and infrastructure map of Eagle Downs





### **About South32**

South32 is a globally diversified mining and metals company. We produce bauxite, alumina, aluminium, energy and metallurgical coal, manganese, nickel, silver, lead and zinc at our operations in Australia, Southern Africa and South America. We are also the owner of a high grade zinc, lead and silver development option in North America and have several partnerships with junior explorers with a focus on base metals. Our purpose is to make a difference by developing natural resources, improving people's lives now and for generations to come, and to be trusted by our owners and partners to realise the potential of their resources.

### **About Aquila and BaoWu**

Aquila is the resource development subsidiary of Baosteel Resources, the mining and commodities trading arm of BaoWu.

BaoWu, formed through the 2017 combination of Baosteel Group Corporation with Wuhan Iron and Steel Group, is a major Chinese state owned enterprise and the largest steel producer in China.

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