



MEDIA RELEASE

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SOUTH32 TO ACQUIRE ADDITIONAL SHARES IN ARIZONA MINING

South32 Limited (ASX, JSE, LSE: S32; ADR: SOUHY) (South32) announced today that it has entered into an over-the-counter equity forward contract (the **“Forward Agreement”**) to acquire up to an additional 15 million shares in Arizona Mining Incorporated (TSX: AZ) (Arizona Mining), equivalent to 4.9 per cent of the Common Shares on issue.

Under the terms of the Forward Agreement, a third-party financial institution will seek to purchase the shares in the market over a maximum period of 12 months. Trading activity will occur at the financial institution’s sole discretion, subject to certain agreed trading parameters. South32 will settle the contract in full in advance of commencing the program. The final cost is to be determined on completion and will be based on the daily volume weighted average price of the shares over the period.

South32 Chief Executive Officer Graham Kerr said: “Our continued support of Arizona Mining is aligned with our strategy to invest in high-quality mining projects where we can add value. This incremental investment increases our interest in the highly prospective Hermosa Project and demonstrates our commitment to work with Arizona Mining to unlock its full potential.”

In May 2017, South32 acquired 45 million Common Shares, or approximately 15 per cent of Arizona Mining as part of a private placement and investor rights agreement. The investor rights agreement allows South32 to acquire up to, but no more than 19.9 per cent of Arizona Mining within an 18-month standstill period without the consent of Arizona Mining’s board of directors.

Ends

Early Warning Disclosure

The following information is issued pursuant to National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* of the Canadian Securities Administrators.

On 14 September, 2017, South32 International Investment Holdings Pty Ltd (the **“Acquiror”**) entered into an over-the-counter equity forward transaction (the **“Agreement”**) with an arm’s length financial institution (the **“Third Party”**).

Pursuant to the Agreement, the Acquiror has agreed to acquire up to 15 million Common Shares of the Issuer (the **“Acquisition Shares”**) from the Third Party.

Pursuant to the Agreement, the Third Party will use its best efforts to acquire the Acquisition Shares through purchases in the market, starting on an agreed future date for a period of 12 months, or such sooner date as the Third Party completes the acquisition of the Acquired Shares or the Agreement is terminated (the **“Completion Date”**).

Purchases will be made at the Third Party's sole discretion subject to such purchases falling within certain trading parameters which have been agreed to by the Acquiror and the Third Party.

The Acquiror has the right to terminate the Agreement at any time provided that it is not in possession of material non-public information at the time of termination. Upon such termination, the Third Party will deliver to the Acquiror a number of Acquisition Shares equal to the lesser of (i) the number of Acquisition Shares acquired and held by the Third Party at the time of termination and (ii) such number of Acquisition Shares which may be delivered to the Acquiror and not cause its ownership or deemed ownership of Common Shares to exceed 19.9%. Upon termination, the Acquiror will also pay certain costs incurred by the Third Party in connection with the termination.

The Acquiror will not acquire any interest in the Acquisition Shares until such Acquisition Shares are delivered to the Acquiror on the Completion Date.

The Acquiror currently has ownership and control over 45 million Common Shares representing approximately 15% of the issued and outstanding Common Shares of the Issuer. Such Common Shares were acquired from the Issuer pursuant to a private placement completed on May 16, 2017 (the "**Placement**").

The acquisition of the Acquisition Shares, if completed, when combined with the Acquiror's existing holdings would represent 19.9% of the issued and outstanding Common Shares of the Issuer calculated as of the date hereof.

The Acquiror remains subject to the standstill provisions agreed to in connection with the Placement whereby it agreed that it will not acquire ownership of 20% or more of the Common Shares without the consent of the Issuer until the end of the standstill period on November 15, 2018.

About South32

South32 is a globally diversified metals and mining 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 operations and shareholder returns by optimising our existing operations, unlocking their potential and identifying new opportunities to compete for capital.

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