

# QUARTERLY REPORT



JUNE 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

- Record performance at Mozal Aluminium underpinned a 2% increase in total aluminium production in FY17 as our smelters continued to operate at their maximum technical capability.
- Refined alumina production was largely unchanged in FY17 as Worsley Alumina operated at its expanded capacity of 4.6Mtpa (100% basis) in the June quarter.
- Manganese ore production increased by 5% in FY17 as South Africa Manganese continued to take advantage of stronger demand and pricing by maintaining an operating rate of 3.6Mwmt pa (100% basis) in the June quarter.
- Cannington recorded a significant decrease in ore grades and metal production in FY17 as high grade stope 60L was only partially extracted in the June quarter and run-of-mine stocks were consumed to support processing rates following a fire in April.
- Challenging ground conditions in the new Appin Area 9 longwall block and two extended outages at the Appin colliery led to a 15% decrease in Illawarra Metallurgical Coal production in FY17, despite record run-of-mine performance at Dendrobium.
- Adverse weather and an associated delay in the development of new mining areas at the Wolvekrans-Middelburg Complex (WMC) led to a 9% decrease in South Africa Energy Coal production in FY17, despite a sequential improvement in performance in the June quarter.
- While the publication of South Africa's Mining Charter III has created additional uncertainty, its implementation has been suspended pending a judicial review. We remain committed to the country's transformation agenda, with Broad-Based Black Economic Empowerment (B-BBEE) entities having a 26%<sup>1</sup> equity interest in our South Africa Manganese mines and an 8%<sup>2</sup> equity interest in our South Africa Energy Coal mines, which increases significantly when historic asset transactions are taken into account.

*"We delivered record annual production at Mozal Aluminium and stronger aluminium volumes overall as both of our smelters continued to operate at their maximum technical capability. While we didn't achieve the level of consistency that we expect from our broader portfolio, our alumina, nickel and manganese operations finished the year on a strong note."*

*"Production at the Illawarra Metallurgical Coal Appin colliery remains suspended as a comprehensive review of the operation's systems and processes is undertaken. This in depth review has been designed to ensure the operation restarts safely and reliably."*

*"We will continue to invest in high quality opportunities where we see value, having acquired a 15% interest in Arizona Mining for US\$81M during the quarter. We also allocated US\$211M towards our share buy-back program as our balance sheet continued to strengthen."*

Graham Kerr, South32 CEO

Production summary			
South32's share	FY16	FY17	YoY
Alumina production (kt)	5,296	<b>5,221</b>	(1%)
Aluminium production (kt)	963	<b>985</b>	2%
Energy coal production (kt)	32,988	<b>30,289</b>	(8%)
Metallurgical coal production (kt)	7,059	<b>5,697</b>	(19%)
Manganese ore production (kwmt)	4,782	<b>5,032</b>	5%
Manganese alloy production (kt)	224	<b>220</b>	(2%)
Payable nickel production (kt)	36.8	<b>36.5</b>	(1%)
Payable silver production (koz)	21,393	<b>15,603</b>	(27%)
Payable lead production (kt)	173.2	<b>132.1</b>	(24%)
Payable zinc production (kt)	79.0	<b>70.4</b>	(11%)

4Q16	3Q17	4Q17	QoQ
1,296	1,288	<b>1,320</b>	2%
238	245	<b>248</b>	1%
8,021	6,858	<b>7,722</b>	13%
2,119	1,431	<b>1,437</b>	0%
1,231	1,285	<b>1,314</b>	2%
45	47	<b>58</b>	23%
9.6	9.1	<b>9.7</b>	7%
5,037	3,548	<b>3,326</b>	(6%)
38.8	31.3	<b>26.9</b>	(14%)
18.7	15.1	<b>13.2</b>	(13%)

Unless otherwise noted: percentage variance relates to performance during the financial year ended June 2017 (FY17) compared with the financial year ended June 2016 (YoY) or the June 2017 quarter compared with the March 2017 quarter (QoQ); production and sales volumes are reported on an attributable basis.

## CORPORATE UPDATE

- Our metallurgical coal and manganese (ore) products continued to be priced with reference to market indices in FY17, with no meaningful change in product quality differentials. For metallurgical coal, a minor discount to the premium low-volatile hard coking coal index was achieved on a volume weighted M-1 basis<sup>4</sup>, while manganese ore of Australian origin achieved the high grade 44% manganese lump ore index (CIF Tianjin, China) on a volume weighted M-1 basis<sup>5</sup>. For manganese ore of South African origin, a discount of approximately 10% to the medium grade 37% manganese lump ore index (FOB Port Elizabeth, South Africa) was achieved on a volume weighted M-1 basis<sup>6</sup> as stronger demand and pricing created a market opportunity for fine grained Wessels concentrate.
- Consistent with prior guidance, we invested US\$28.8M in exploration (US\$2.6M capitalised) in FY17, including US\$15.4M at our existing operations and US\$13.4M on greenfield opportunities (all expensed). Brownfield exploration focused on metallurgical coal, manganese, bauxite and silver in Australia, and nickel in Colombia, with US\$2.0M directed towards our equity accounted investments (US\$1.1M capitalised). Our greenfield spend was largely accounted for by our decision to inject US\$10M into Trilogy Metals (TSX:TMQ) to pre-fund drilling at its Bornite deposit. This drilling program commenced on 12 June.
- Our Underlying effective tax rate (ETR) for FY17 will reflect the geographical distribution of the Group's pre-tax profit. The corporate tax rates applicable to the Group include: Australia 30%; South Africa 28%; Colombia 39%; and Brazil 34%. The ETR calculation excludes the contribution from our equity accounted investments as they are recorded on an after tax basis.
- Distributions totalling US\$446M (South32 share) were received from our equity accounted investments in FY17, including shareholder dividends and loan repayments.
- On 16 May, we acquired a 15% interest in Arizona Mining Inc. (TSX:AZ) for US\$81M. Arizona Mining's Hermosa Project, located in Santa Cruz County, Arizona, includes the high grade (zinc, lead and silver) Taylor Deposit.
- On 27 March, we announced our intention to return an additional US\$500M of capital to shareholders. Consistent with this commitment, we commenced an on-market share buy-back program on 19 April and to 30 June had purchased shares with an aggregate consideration of US\$211M at an average price of A\$2.66 per share. We intend to continue buying our shares at a similar rate in FY18, assuming the on-market option remains an efficient mechanism by which to return excess capital to shareholders.

Upstream production guidance (South32's share)	FY16 Actual	FY17 Actual	FY17 Guidance	% <sup>a</sup>
<b>Worsley Alumina</b>				
Alumina production (kt)	3,961	3,892	3,965	(2%)
<b>Brazil Alumina</b>				
Alumina production (kt)	1,335	1,329	1,320	1%
<b>South Africa Energy Coal<sup>2</sup></b>				
Energy coal production (kt)	31,681	28,913	30,000	(4%)
Domestic coal production (kt)	16,825	16,717	17,500	(4%)
Export coal production (kt)	14,856	12,196	12,500	(2%)
<b>Illawarra Metallurgical Coal</b>				
Total coal production (kt)	8,366	7,073	7,100	0%
Metallurgical coal production (kt)	7,059	5,697	N/A	N/A
Energy coal production (kt)	1,307	1,376	N/A	N/A
<b>Australia Manganese</b>				
Manganese ore production (kwmt)	3,071	2,994	3,120	(4%)
<b>South Africa Manganese</b>				
Manganese ore production <sup>3</sup> (kwmt)	1,711	2,038	Subject to demand	N/A
<b>Cerro Matoso</b>				
Payable nickel production (kt)	36.8	36.5	36.0	1%
<b>Cannington</b>				
Payable silver production (koz)	21,393	15,603	16,500	(5%)
Payable lead production (kt)	173	132	135	(2%)
Payable zinc production (kt)	79	70	70	0%

- a. Percentage difference to latest production guidance. South Africa Energy Coal, Illawarra Metallurgical Coal and Cannington restated FY17 production guidance during the 2017 financial year. FY17 guidance as at FY16 results: South Africa Energy Coal (domestic coal 17,000kt, export coal 13,850kt), Illawarra Metallurgical Coal (metallurgical coal 8,150kt, energy coal 1,380kt), Cannington (payable silver, lead and zinc 19,050koz, 163kt and 80kt, respectively).

## WORSLEY ALUMINA

(86% share)

South32's share	FY16	FY17	YoY	4Q16	3Q17	4Q17	4Q16 vs 4Q17	3Q17 vs 4Q17
Alumina production (kt)	3,961	<b>3,892</b>	(2%)	960	964	<b>988</b>	3%	2%
Alumina sales (kt)	3,874	<b>3,847</b>	(1%)	959	1,018	<b>920</b>	(4%)	(10%)

Worsley Alumina saleable production decreased by 2% (or 69kt) to 3.9Mt in FY17 as performance was impacted by unplanned calciner maintenance in the March quarter. The refinery finished the year on a strong note, operating at its expanded capacity of 4.6Mtpa (100% basis) in the June quarter. Alumina sales were 7% lower than production in the June quarter as adverse weather led to the deferral of one shipment.

## SOUTH AFRICA ALUMINIUM

(100%)

South32's share	FY16	FY17	YoY	4Q16	3Q17	4Q17	4Q16 vs 4Q17	3Q17 vs 4Q17
Aluminium production (kt)	697	<b>714</b>	2%	172	178	<b>180</b>	5%	1%
Aluminium sales (kt)	709	<b>713</b>	1%	184	163	<b>203</b>	10%	25%

South Africa Aluminium saleable production increased by 2% (or 17kt) to 714kt in FY17 as the smelter continued to achieve benchmark levels of current efficiency and pot line amperage, 22 pots were brought back online in the December quarter and there were fewer load-shedding events. The increase in quarterly sales reflects the scheduling of shipments between periods.

## MOZAL ALUMINIUM

(47.1% share)

South32's share	FY16	FY17	YoY	4Q16	3Q17	4Q17	4Q16 vs 4Q17	3Q17 vs 4Q17
Aluminium production (kt)	266	<b>271</b>	2%	66	67	<b>68</b>	3%	1%
Aluminium sales (kt)	254	<b>273</b>	7%	69	66	<b>73</b>	6%	11%

Mozal Aluminium achieved record performance in FY17, increasing production by 2% (or 5kt) to 271kt. The smelter continued to achieve benchmark levels of current efficiency and pot line amperage, while benefitting from fewer load-shedding events.

## BRAZIL ALUMINA

(36% share)

South32's share	FY16	FY17	YoY	4Q16	3Q17	4Q17	4Q16 vs 4Q17	3Q17 vs 4Q17
Alumina production (kt)	1,335	<b>1,329</b>	(0%)	336	324	<b>332</b>	(1%)	2%
Alumina sales (kt)	1,359	<b>1,316</b>	(3%)	338	356	<b>322</b>	(5%)	(10%)

Brazil Alumina saleable production of 1.3Mt in FY17 remained largely unchanged from the record rate achieved in the prior period. The decline in alumina sales in the June quarter reflected the timing of shipments between periods.

## SOUTH AFRICA ENERGY COAL

(100%)

South32's share	FY16	FY17	YoY	4Q16	3Q17	4Q17	4Q16 vs 4Q17	3Q17 vs 4Q17
Energy coal production (kt)	31,681	<b>28,913</b>	(9%)	7,610	6,675	<b>7,413</b>	(3%)	11%
Domestic sales (kt)	17,169	<b>16,922</b>	(1%)	4,089	4,056	<b>3,948</b>	(3%)	(3%)
Export sales (kt)	15,157	<b>11,797</b>	(22%)	3,561	2,873	<b>3,068</b>	(14%)	7%

South Africa Energy Coal saleable production decreased by 9% (or 2.8Mt) to 28.9Mt in FY17, despite an 11% improvement in performance in the June quarter as throughput increased at the WMC export plant. The impact of adverse weather and the associated delay in the development of new mining areas at the WMC will continue to weigh on performance in FY18. Export sales in the June quarter were impacted by a severe storm that affected the Richards Bay Coal Terminal and deferred shipments into FY18.

## ILLAWARRA METALLURGICAL COAL

(100%)

South32's share	FY16	FY17	YoY	4Q16	3Q17	4Q17	4Q16 vs 4Q17	3Q17 vs 4Q17
Total coal production (kt)	8,366	<b>7,073</b>	(15%)	2,530	1,614	<b>1,746</b>	(31%)	8%
Total coal sales (kt)	8,317	<b>7,296</b>	(12%)	2,617	1,980	<b>1,711</b>	(35%)	(14%)
Metallurgical coal production (kt)	7,059	<b>5,697</b>	(19%)	2,119	1,431	<b>1,437</b>	(32%)	0%
Metallurgical coal sales (kt)	6,984	<b>5,952</b>	(15%)	2,257	1,694	<b>1,470</b>	(35%)	(13%)
Energy coal production (kt)	1,307	<b>1,376</b>	5%	411	183	<b>309</b>	(25%)	69%
Energy coal sales (kt)	1,333	<b>1,344</b>	1%	360	286	<b>241</b>	(33%)	(16%)

Illawarra Metallurgical Coal total saleable production decreased by 15% (or 1.3Mt) to 7.1Mt in FY17, despite record run-of-mine performance at Dendrobium, as challenging ground conditions in the new Appin Area 9 longwall block and two extended outages at the Appin colliery significantly impacted performance. Metallurgical Coal sales were 4% (or 255kt) higher than production in FY17. Our average realised price will reflect a minor discount to the premium low-volatile hard coking coal index on a volume weighted M-1 basis<sup>4</sup> as our shipping schedule was affected by our prior declaration of force majeure and the drawdown of finished goods inventory in the second half.

Production at the Appin colliery, which accounted for 49% of total coal production in FY17, remains suspended as a comprehensive review of the operation's systems and processes is undertaken. This in-depth review has been designed to ensure the operation restarts safely and reliably following an extended outage. Upon recommencing underground activity we will be relocating the Appin Area 9 longwall to panel 902. Revised production guidance will be provided when we report our FY17 results to reflect the completion of our annual budget cycle.

## AUSTRALIA MANGANESE

(60% share)

South32's share	FY16	FY17	YoY	4Q16	3Q17	4Q17	4Q16 vs 4Q17	3Q17 vs 4Q17
Manganese ore production (kwmt)	3,071	<b>2,994</b>	(3%)	739	719	<b>776</b>	5%	8%
Manganese ore sales (kwmt)	3,084	<b>3,087</b>	0%	775	749	<b>838</b>	8%	12%
Manganese alloy production (kt)	133	<b>147</b>	11%	22	28	<b>41</b>	86%	46%
Manganese alloy sales (kt)	150	<b>155</b>	3%	30	37	<b>36</b>	20%	(3%)

Australia Manganese saleable ore production decreased by 3% (or 77kwmt) to 3.0Mwmt in FY17, despite an 8% improvement in performance in the June quarter as the operation recovered from the impact of heavy rainfall and Tropical Cyclone Alfred. The Premium Concentrate Ore (PC02) circuit operated at approximately 90% of its 500kwmt (100% share) capacity in the June quarter, contributing 6% of total production across FY17 (FY16: 1%).

Our low cost PC02 fines product has a manganese content of approximately 40%, which leads to both grade and product-type discounts when referenced to the high grade 44% manganese lump ore index. Given the contribution of the PC02 circuit to our sales profile, our average realised price for external sales of Australian ore in FY17 will reflect the high grade 44% manganese lump ore index on a volume weighted M-1 basis<sup>5</sup>. Internal sales continue to occur on commercial terms.

Saleable manganese alloy production increased by 11% (or 14kt) to 147kt in FY17 as third party power supply to TEMCO was restored and all four furnaces ramped-up to full capacity in the June quarter.

## SOUTH AFRICA MANGANESE

(60% share)

South32's share	FY16	FY17	YoY	4Q16	3Q17	4Q17	4Q16 vs 4Q17	3Q17 vs 4Q17
Manganese ore production (kwmt)	1,711	<b>2,038</b>	19%	492	566	<b>538</b>	9%	(5%)
Manganese ore sales (kwmt)	1,834	<b>2,024</b>	10%	489	554	<b>542</b>	11%	(2%)
Manganese alloy production (kt)	91	<b>73</b>	(20%)	23	19	<b>17</b>	(26%)	(11%)
Manganese alloy sales (kt)	110	<b>74</b>	(33%)	40	14	<b>20</b>	(50%)	43%

South Africa Manganese saleable ore production increased by 19% (or 327kwmt) to 2.0Mwmt in FY17 as we continued to take advantage of stronger demand and pricing by maintaining an operating rate of 3.6Mwmt pa (100% basis) in the June quarter. This strong rate of production was supported by the sale of Wessels concentrate and the recommencement of trucking activity.

Our fine grained Wessels concentrate product, which accounted for 9% of sales across FY17 (FY16: 4%), receives a substantial product discount when referenced to index prices. As a result, our average realised price for external sales of South African ore will reflect a discount of approximately 10% to the medium grade 37% manganese lump ore index (FOB Port Elizabeth, South Africa) on a volume weighted M-1 basis<sup>6</sup>. Internal sales continue to occur on commercial terms.

Manganese alloy saleable production decreased by 20% (or 18kt) to 73kt in FY17 as a result of furnace instability. Metalloys continues to operate one of its four furnaces.

## CERRO MATOSO

(99.9% share)

South32's share	FY16	FY17	YoY	4Q16	3Q17	4Q17	4Q16 vs 4Q17	3Q17 vs 4Q17
Payable nickel production (kt)	36.8	<b>36.5</b>	(1%)	9.6	9.1	<b>9.7</b>	1%	7%
Payable nickel sales (kt)	36.8	<b>36.6</b>	(1%)	10.0	9.2	<b>9.8</b>	(2%)	7%

Cerro Matoso payable nickel production remained largely unchanged in FY17 as a reduction in furnace availability was offset by the delivery of first ore from the adjacent, higher grade La Esmeralda deposit in March. Payable nickel production is expected to increase in FY18 as La Esmeralda ramps up and contributes across the full year.

## CANNINGTON

(100%)

South32's share	FY16	FY17	YoY	4Q16	3Q17	4Q17	4Q16 vs 4Q17	3Q17 vs 4Q17
Payable silver production (koz)	21,393	<b>15,603</b>	(27%)	5,037	3,548	<b>3,326</b>	(34%)	(6%)
Payable silver sales (koz)	20,852	<b>16,270</b>	(22%)	4,590	3,544	<b>3,866</b>	(16%)	9%
Payable lead production (kt)	173.2	<b>132.1</b>	(24%)	38.8	31.3	<b>26.9</b>	(31%)	(14%)
Payable lead sales (kt)	169.7	<b>138.1</b>	(19%)	37.2	32.5	<b>32.3</b>	(13%)	(1%)
Payable zinc production (kt)	79.0	<b>70.4</b>	(11%)	18.7	15.1	<b>13.2</b>	(29%)	(13%)
Payable zinc sales (kt)	82.6	<b>67.4</b>	(18%)	22.8	16.8	<b>9.8</b>	(57%)	(42%)

Cannington silver, lead and zinc saleable production decreased by 27%, 24% and 11%, respectively, in FY17 as feed grades did not recover to the extent expected in the June quarter as high grade stope 60L was only partially extracted and run-of-mine stocks were consumed to support processing rates following an underground fire in April.

As previously indicated, the rate of deformation within the existing crusher chamber has increased and it is now expected to become inoperable in the September quarter. Commissioning of the replacement crusher chamber is anticipated in the March quarter, with approximately 90% of FY17 mining rates<sup>7</sup> to be maintained in the intervening period as shaft haulage is replaced with additional trucking via the decline. The stope sequence within the mine is also being adjusted to re-establish above ground stocks and manage geotechnical conditions. While our plans for FY18 are currently being finalised, average silver and lead feed grades are expected to remain largely unchanged, while the average zinc feed grade is expected to decline. Revised production guidance will be provided when we report our FY17 results to reflect the completion of our annual budget cycle.

Finalisation adjustments and the provisional pricing of Cannington concentrates will increase Underlying EBIT<sup>8</sup> by US\$4.1M in FY17 (-US\$11M: FY16, US\$0.5M: H1 FY17). Outstanding concentrate sales (containing 2.4Moz of silver, 26.2kt of lead and 4.6kt of zinc) were revalued at 30 June 2017. The final price of these sales will be determined in H1 FY18.

## Notes:

1. 26% of Hotazel Manganese Mines (HMM) is owned by a Broad-Based Black Economic Empowerment (B-BBEE) consortium comprising Ntsimbintle Mining (9%), NCAB Resources (7%), Iziko Mining (5%) and HMM Education Trust (5%). The interests owned by NCAB Resources, Iziko Mining and HMM Education Trust were acquired using vendor finance with the loans repayable via distributions attributable to these parties, pro rata to their share in HMM. Until these loans are repaid, South32's interest in HMM is accounted at 54.6%.
2. South32 has undertaken a number of historic asset transactions where it has transferred South Africa Energy Coal resources to historically disadvantaged entities which resulted in additional ownership credits. These transactions were completed in consultation with the Department of Mineral Resources to ensure consistency with the requirements of the Mining Charter. 8% of South Africa Energy Coal is owned by Phembani Holdings. The interests owned by Phembani were acquired using vendor finance, with the loans repayable to South32 via distributions attributable to these parties, pro rata to their share in South Africa Energy Coal. Until these loans are repaid, South32's interest in South Africa Energy Coal is accounted at 100%.
3. Consistent with the presentation of South32's segment information, South Africa Manganese ore production and sales have been reported at 60%. The Group's financial statement will continue to reflect a 54.6% interest in South Africa Manganese ore.
4. The quarterly sales volume weighted average of the premium low-volatile hard coking coal Platts index (FOB Australia) on the basis of a one month lag to published pricing (Month minus one or "M-1") was US\$179/t in the 2017 financial year.
5. The quarterly sales volume weighted average of the Metal Bulletin 44% manganese lump ore index (CIF Tianjin, China) on the basis of a one month lag to published pricing (Month minus one or "M-1") was US\$5.54/dmtu in the 2017 financial year.
6. The quarterly sales volume weighted average of the Metal Bulletin 37% manganese lump ore index (FOB Port Elizabeth, South Africa) on the basis of a one month lag to published pricing (Month minus one or "M-1") was US\$4.54/dmtu in the 2017 financial year.
7. Mining rates refer to ore mined on a wet basis (moisture ~3%), whereas mill throughput is reported on a dry basis.
8. Underlying EBIT is earnings before net finance costs, taxation and any earnings adjustments. Underlying EBIT is reported net of South32's share of net finance costs and taxation of equity accounted investments.
9. Figures in *Italics* indicate that an adjustment has been made since the figures were previously reported.
10. The following abbreviations have been used throughout this report: grams per tonne (g/t); tonnes (t); thousand tonnes (kt); thousand tonnes per annum (ktpa); million tonnes (Mt); million tonnes per annum (Mtpa); thousand ounces (koz); million ounces (Moz); thousand wet metric tonnes (kwmt); million wet metric tonnes (Mwmt); million wet metric tonnes per annum (Mwmt pa); thousand dry metric tonnes (kdmt); Australian Securities Exchange (ASX); London Stock Exchange (LSE); Johannesburg Stock Exchange (JSE); and American Depositary Receipts (ADR).

## OPERATING PERFORMANCE

South32's share	FY16	FY17	4Q16	1Q17	2Q17	3Q17	4Q17
<b>Worsley Alumina (86% share)</b>							
Alumina hydrate production (kt)	3,905	<b>3,898</b>	946	980	966	993	<b>959</b>
Alumina production (kt)	3,961	<b>3,892</b>	960	967	973	964	<b>988</b>
Alumina sales (kt)	3,874	<b>3,847</b>	959	960	949	1,018	<b>920</b>
<b>South Africa Aluminium (100%)</b>							
Aluminium production (kt)	697	<b>714</b>	172	175	181	178	<b>180</b>
Aluminium sales (kt)	709	<b>713</b>	184	178	169	163	<b>203</b>
<b>Mozal Aluminium (47.1% share)</b>							
Aluminium production (kt)	266	<b>271</b>	66	68	68	67	<b>68</b>
Aluminium sales (kt)	254	<b>273</b>	69	64	70	66	<b>73</b>
<b>Brazil Alumina (alumina 36% share)</b>							
Alumina production (kt)	1,335	<b>1,329</b>	336	326	347	324	<b>332</b>
Alumina sales (kt)	1,359	<b>1,316</b>	338	299	339	356	<b>322</b>
<b>South Africa Energy Coal (100%)</b>							
Energy coal production (kt)	31,681	<b>28,913</b>	7,610	7,744	7,081	6,675	<b>7,413</b>
Domestic sales (kt)	17,169	<b>16,922</b>	4,089	4,446	4,472	4,056	<b>3,948</b>
Export sales (kt)	15,157	<b>11,797</b>	3,561	2,904	2,952	2,873	<b>3,068</b>
<b>Illawarra Metallurgical Coal (100%)</b>							
Total coal production (kt)	8,366	<b>7,073</b>	2,530	1,884	1,829	1,614	<b>1,746</b>
Total coal sales (kt)	8,317	<b>7,296</b>	2,617	2,193	1,412	1,980	<b>1,711</b>
Metallurgical coal production (kt)	7,059	<b>5,697</b>	2,119	1,437	1,392	1,431	<b>1,437</b>
Metallurgical coal sales (kt)	6,984	<b>5,952</b>	2,257	1,723	1,065	1,694	<b>1,470</b>
Energy coal production (kt)	1,307	<b>1,376</b>	411	447	437	183	<b>309</b>
Energy coal sales (kt)	1,333	<b>1,344</b>	360	470	347	286	<b>241</b>
<b>Australia Manganese (60% share)</b>							
Manganese ore production (kwmt)	3,071	<b>2,994</b>	739	763	736	719	<b>776</b>
Manganese ore sales (kwmt)	3,084	<b>3,087</b>	775	757	743	749	<b>838</b>
Ore grade sold (% Mn)	47.3	<b>46.2</b>	47.0	46.7	46.1	46.0	<b>46.2</b>
Manganese alloy production (kt)	133	<b>147</b>	22	38	40	28	<b>41</b>
Manganese alloy sales (kt)	150	<b>155</b>	30	54	28	37	<b>36</b>
<b>South Africa Manganese (60% share)</b>							
Manganese ore production (kwmt)	1,711	<b>2,038</b>	492	417	517	566	<b>538</b>
Manganese ore sales (kwmt)	1,834	<b>2,024</b>	489	417	511	554	<b>542</b>
Ore grade sold (% Mn)	39.9	<b>40.1</b>	39.2	39.7	40.8	40.1	<b>39.8</b>
Manganese alloy production (kt)	91	<b>73</b>	23	21	16	19	<b>17</b>
Manganese alloy sales (kt)	110	<b>74</b>	40	20	20	14	<b>20</b>



South32's share	FY16	FY17	4Q16	1Q17	2Q17	3Q17	4Q17
<b>Cerro Matoso (99.9% share)</b>							
Ore mined (kwmt)	6,009	<b>4,447</b>	1,480	1,238	1,109	1,044	<b>1,056</b>
Ore processed (kdmmt)	2,699	<b>2,561</b>	683	645	644	648	<b>624</b>
Ore grade processed (% Ni)	1.54	<b>1.59</b>	1.55	1.52	1.55	1.60	<b>1.69</b>
Payable nickel production (kt)	36.8	<b>36.5</b>	9.6	8.7	9.0	9.1	<b>9.7</b>
Payable nickel sales (kt)	36.8	<b>36.6</b>	10.0	8.2	9.4	9.2	<b>9.8</b>
<b>Cannington (100%)</b>							
Ore mined (kwmt)	3,289	<b>2,909</b>	819	780	859	675	<b>595</b>
Ore processed (kdmmt)	3,149	<b>3,036</b>	819	828	841	739	<b>628</b>
Silver ore grade processed (g/t, Ag)	255	<b>194</b>	230	216	182	183	<b>196</b>
Lead ore grade processed (% Pb)	6.6	<b>5.4</b>	5.9	5.7	5.2	5.3	<b>5.2</b>
Zinc ore grade processed (% Zn)	3.8	<b>3.4</b>	3.6	3.2	4.2	3.0	<b>3.1</b>
Payable silver production (koz)	21,393	<b>15,603</b>	5,037	4,694	4,035	3,548	<b>3,326</b>
Payable silver sales (koz)	20,852	<b>16,270</b>	4,590	5,063	3,797	3,544	<b>3,866</b>
Payable lead production (kt)	173.2	<b>132.1</b>	38.8	38.4	35.5	31.3	<b>26.9</b>
Payable lead sales (kt)	169.7	<b>138.1</b>	37.2	40.1	33.2	32.5	<b>32.3</b>
Payable zinc production (kt)	79.0	<b>70.4</b>	18.7	17.7	24.4	15.1	<b>13.2</b>
Payable zinc sales (kt)	82.6	<b>67.4</b>	22.8	18.5	22.3	16.8	<b>9.8</b>

## Forward-looking statements

This release contains forward-looking statements, including statements about trends in commodity prices and currency exchange rates; demand for commodities; production forecasts; plans, strategies and objectives of management; capital costs and scheduling; operating costs; anticipated productive lives of projects, mines and facilities; and provisions and contingent liabilities. 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, the South32 Group 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.

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