



25 August 2016

South32 Limited
(Incorporated in Australia under the *Corporations Act 2001* (Cth))
(ACN 093 732 597)
ASX / LSE / JSE Share Code: S32
ISIN: AU000000S320
south32.net

SMALL SHAREHOLDING SALE FACILITY

South32 Limited (ASX, JSE, LSE: S32) (**South32**) announces that it has established a small shareholding sale facility (**Sale Facility**) for shareholders with holdings valued at less than A\$500. The Sale Facility enables eligible shareholders to sell their South32 shares without incurring any brokerage or handling costs. This initiative is expected to reduce administration costs incurred by South32.

The Sale Facility is open to shareholders on the South32 Australian register who hold less than A\$500 worth of shares and whose registered address is in Australia or New Zealand. Unless eligible shareholders opt-out of participation in the Sale Facility, these shareholders will have their shares sold on market and the proceeds remitted to them free from brokerage and handling fees.

As at 18 August 2016, there are 120,915 shareholders who would be eligible to participate in the Sale Facility, representing 26.17% of total shareholders. The eligible shareholders hold 13,449,685 ordinary shares in South32, representing 0.25% of total capital.

Shareholders will have the ability to opt-out of participating in the Sale Facility and retain their shareholding. For shareholders who participate in the Sale Facility, the sale price they receive for their shares will be a volume-weighted average price of all shares sold under the Sale Facility.

A summary of the key dates in respect of the Sale Facility is as follows:

Event	Date
Small Shareholding Sale Facility Announcement to ASX	25 August 2016
Letter to shareholders with holdings valued at less than A\$500	26 August 2016
Sale Facility Closing Date	10 October 2016

The attached letter is being sent to eligible shareholders detailing the key dates for the Sale Facility and instructions for shareholders who wish to retain their shareholdings.

Small shareholders who participate in the Sale Facility will remain entitled to the 2016 financial year dividend announced to the market on 25 August 2016. All sales under the Sale Facility will occur after the relevant dividend record date.

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.

FURTHER INFORMATION

For further information contact Computershare on 1800 019 953 (within Australia) or +61 3 9415 4169 (outside Australia).

Further information on South32 can be found at www.south32.net.

JSE Sponsor: UBS South Africa (Pty) Ltd
25 August 2016



26 August 2016

SMALL SHAREHOLDING SALE FACILITY FOR SOUTH32 SHAREHOLDERS

Dear Shareholder,

South32 Limited (**South32**) recognises that there are a large number of shareholders with small parcels of shares for whom it may not be cost effective to sell those shares on the Australian Securities Exchange (**ASX**).

South32 has established a small shareholding sale facility (**Sale Facility**) for shareholders on our Australian register with registered addresses in Australia or New Zealand and who have South32 holdings valued at less than A\$500 (**Small Shareholdings**).

Your South32 shares have been included in the Sale Facility

Your South32 shares have been included in the Sale Facility because our share register shows that, as at 18 August 2016, the number of shares held by you was a Small Shareholding (i.e. less than A\$500).

If the market value of your holding remains below A\$500 at 5pm (AWST) on **10 October 2016** (**Sale Facility Closing Date**), your South32 shares will be sold and the proceeds sent to you unless you notify us that you do not want them sold.

If you wish to retain your shares, please notify us prior to the Sale Facility Closing Date by completing and returning the Retention Form in the enclosed reply paid envelope.

Why has South32 established the Sale Facility?

South32 is offering shareholders with Small Shareholdings an opportunity to sell their shares through the Sale Facility at a market price, without incurring any brokerage or transfer fees. Shareholders can choose to opt out of the Sale Facility by completing and returning the Retention Form included.

The Sale Facility will also reduce South32's administrative and registry costs associated with small parcels of shares.

How does the Sale Facility work?

Shares included in the Sale Facility will be sold following the Sale Facility Closing Date, unless we are notified otherwise or the holding is no longer less than A\$500.

Shareholders will not pay any brokerage or handling fees for the sale of their South32 shares under the Sale Facility. The shares in the Sale Facility will be sold on the ASX or another licensed market in the ordinary course of trading at prevailing market prices. South32 has appointed Citigroup Global Markets Australia Pty Limited (**Broker**) to act as the broker to effect the sale of those shares.

For each share sold through the Sale Facility, shareholders will receive the volume-weighted average price achieved by the Broker for the sale of all shares sold through the Sale Facility.

What do I need to do?

You can choose whether or not to participate in the Sale Facility prior to the Sale Facility Closing Date at 5pm (AWST) on **10 October 2016**.

Option 1: PARTICIPATE IN THE SALE FACILITY (Sell your shares)	<ul style="list-style-type: none">• <u>No further action is required</u> to participate in the Sale Facility.• If you have not submitted a Retention Form by the Sale Facility Closing Date, your shares will be sold through the Sale Facility if your holding is still less than A\$500.• If your shares are sold through the Sale Facility, you will receive the sale proceeds as soon as practicable following the Sale Facility Closing Date and, at the latest, within 8 weeks of the Sale Facility Closing Date.
Option 2: REJECT PARTICIPATION IN THE SALE FACILITY (Retain your shares)	<ul style="list-style-type: none">• <u>You must take action</u> before the Sale Facility Closing Date if you do not want to sell your shares through the Sale Facility.• To retain your shares, you must either:<ul style="list-style-type: none">a) Complete and submit the attached Retention Form to Computershare prior to the Sale Facility Closing Date; orb) Top up your shareholding to be more than a Small Shareholding prior to the Sale Facility Closing Date (for example, by acquiring additional shares on the ASX).• If you submit a Retention Form, please allow a reasonable time for it to be received by Computershare.• If you hold shares in multiple shareholdings, some of which are Small Shareholdings, then South32 will sell those Small Shareholdings, unless a Retention Form is received for each shareholding or you merge the holdings by contacting Computershare on 1800 019 953 (within Australia) or +61 3 9415 4169 (outside Australia).

Important notes

The attached Frequently Asked Questions, which form part of this document, set out further details on the Sale Facility. Please read the Frequently Asked Questions before making any decision.

None of South32, Computershare or the Broker makes any recommendation or gives any advice to you as to whether you should participate in the Sale Facility.

South32 may modify the Sale Facility Closing Date, or may terminate or suspend the Sale Facility. Any such modification, termination or suspension will be notified by way of a market announcement on the ASX.

Information on the market price of South32 shares is available from the ASX website (www.asx.com.au) under ASX Code "S32".

If you require further information, please contact Computershare on 1800 019 953 (within Australia) or +61 3 9415 4169 (outside Australia).

Yours sincerely,

Nicole Duncan
Company Secretary

South32 Limited

FREQUENTLY ASKED QUESTIONS

THE SALE FACILITY

1. What is the Sale Facility?

South32 has established the Sale Facility to facilitate shareholders holding Small Shareholdings in South32 to sell their shares. South32 has appointed Citigroup Global Markets Australia Pty Limited to sell the Small Shareholdings at no cost to you, and to remit payment to you within eight weeks of the Sale Facility Closing Date.

2. Why is the Sale Facility being offered?

South32 has established the Sale Facility to enable you to sell your shares cost effectively and simply, while also assisting South32 to reduce administrative and registry costs associated with servicing Small Shareholdings.

As at 5pm (AWST) on 18 August 2016, the number of South32 shareholders with Small Shareholdings was 120,915 (being 26.17% of all South32 shareholders), with those holdings representing 0.25% of South32's issued capital.

3. Does South32 have the right to sell my shares?

Under ASX Listing Rule 15.13 and rule 5.4 of the Company's Constitution, South32 may notify shareholders who hold Small Shareholdings that it intends to arrange for their shares to be sold on their behalf. This letter and the Retention Form satisfy the notice requirements under ASX Listing Rule 15.13 and rule 5.4 of the Company's Constitution.

MY ELIGIBILITY

4. What is a Small Shareholding?

A 'Small Shareholding' is a holding of South32 shares with a value of less than A\$500. Based on the closing price of South32 shares at 18 August 2016, this is a holding of 240 shares or less.

5. What if the value of my holding increases before the Sale Facility Closing Date?

South32 will not sell your South32 shares if the market value of the shares increases such that you no longer have a Small Shareholding on the Sale Facility Closing Date.

6. If I buy more South32 shares before the Closing Date, will I retain my holding?

South32 will not sell your shares if you increase your holding of South32 shares prior to the Sale Facility Closing Date, such that you no longer have a Small Shareholding on that date. Any additional shares acquired must be registered by the Sale Facility Closing Date under the same name and address and with the same holder number (SRN or HIN) as set out in the accompanying Retention Form.

7. What if I sell my shares before the Sale Facility Closing Date?

If you sell your shares in South32 prior to the Sale Facility Closing Date, no further action will be taken.

MY PARTICIPATION

8. Will I receive a dividend if I participate in the Sale Facility?

Participation in the Sale Facility will not affect your entitlement to receive any dividend announced in relation to the 2016 financial year, provided that you are a registered holder of South32 shares on the relevant dividend record date. All sales under the Sale Facility would occur after the dividend record and payment dates.

9. What are the advantages and disadvantages of selling my shares through the Sale Facility?

The following table sets out the key advantages and possible disadvantages of selling your shares through the Sale Facility.

Advantages	Disadvantages
<ul style="list-style-type: none">• Cash payment from sale of shareholding• No brokerage or other selling expenses• May not be cost effective to sell holding in other ways• Price determined by reference to market price	<ul style="list-style-type: none">• No further shareholding in South32, unless you buy South32 shares again• Possible capital gains tax payable following sale of holding• The price of shares could be higher in the future

10. Do I need to pay anything if I participate in the Sale Facility?

South32 will pay the brokerage and handling costs associated with your participation in the Sale Facility. However, any taxation consequences arising from the sale of your shares will be your responsibility.

11. What do I have to do if I wish to retain my shares?

South32 will not sell your shares if you wish to retain your Small Shareholding and you complete the Retention Form included and return it to Computershare in the reply paid envelope enclosed. Your Retention Form must be received by Computershare before 5pm (AWST) on 10 October 2016 in order to be effective.

If you hold shares in multiple shareholdings, some of which are Small Shareholdings, in order to retain your shares you must submit a Retention Form for each Small Shareholding or merge the shareholdings by contacting Computershare.

12. Can I withdraw my Retention Form?

You can only withdraw your Retention Form before the Sale Facility Closing Date, by sending a written request to Computershare which details your name, address and holder number (SRN or HIN) and states that you would like to withdraw your Retention Form. Your request must be signed. If your holding is in more than one name, your request must be signed by all shareholders.

Your written request must be received by Computershare before the Sale Facility Closing Date in order to be effective.

13. How do I sell my shares through the Sale Facility?

If you wish to have your shares sold through the Sale Facility, you do not need to do anything in response to this letter.

14. What if my shares are held in a CHESS Holding?

If your shares are in a CHESS holding and remain in a CHESS holding on 10 October 2016, your shares will be sold under the Sale Facility and South32 may, without further notice to you, initiate a holding adjustment to move these shares to an issuer sponsored holding or a certificated holding for the purposes of that sale.

15. How and when will my shares be sold?

Your shares will be sold in the ordinary course of trading at prevailing market prices following the Sale Facility Closing Date.

The shares in the Sale Facility will be sold by the appointed Broker on the ASX or another licensed market. The Broker may sell the shares in one or more trades and on one or more trading days as determined by the Broker in its discretion.

The Broker is acting as an execution-only broker and is only providing those services to South32. The Broker is not providing any services to you or acting as your agent or sub-agent, is not assuming or accepting any duty or responsibility to you and is not underwriting the sale of the shares.

16. How much will I receive for my shares?

South32 will pay you a cash amount for each share it sells that is equal to the volume-weighted average sale price per share achieved by the Broker for the sale of all shares sold through the Sale Facility. Each shareholder participating in the Sale Facility will receive the same sale price per share.

The market price of South32 shares is subject to change from time to time. As the sale price is an average, the proceeds you receive for the sale of your shares under the Sale Facility may be more or less than the actual price received by the Broker for the sale of your individual shares.

Neither South32 nor its Broker, or their respective agents and employees, provide any assurance as to what the sale price of the shares on the ASX will be or what price you will receive for your shares through the Sale Facility. Information on the market price of South32 shares is available from the ASX website (www.asx.com.au) under ASX Code "S32".

Shareholders using the Sale Facility are not able to nominate a sale price, sale date, nor a method for selling their shares. However, shareholders can opt out of the Sale Facility by sending in a Retention Form, and can choose to hold or sell their shares by other means. For instance, you can sell your shares on the ASX by contacting a broker.

17. How and when will the proceeds for the sale be sent to me?

The proceeds will be sent to you as soon as practicable and in any event within eight weeks of the Sale Facility Closing Date. The proceeds of the sale will be deposited into the bank account noted on your holding on the register or will be sent to you by Australian dollar cheque at the address last recorded in South32's register of members.

You will be notified of the number of your shares that have been sold, the sale price and the total sale proceeds payable to you. A statement will be sent by post to your address as shown in South32's register of members.

Further Information

If you require further information, please contact Computershare on 1800 019 953 (within Australia) or +61 3 9415 4169 (outside Australia).



South32 Limited
ABN 84 093 732 597

S32

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Return your Form to the Company's share registry:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

For all enquiries:

Phone:



(within Australia) 1800 019 953
(outside Australia) +61 3 9415 4169

Share Retention Form - South32 Limited Small Shareholding Sale Facility

If you wish to **RETAIN** your shares, your completed form must be received by 5:00pm (AWST) on 10 October 2016

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please read the Frequently Asked Questions accompanying your letter or contact your financial or other professional adviser.

Step 1: Shareholding Details

Use this form if you wish to retain your shares in South32 Limited. If you have recently bought or sold shares your shareholding may differ from that shown. If you have already sold all of your shares in South32 Limited, do not complete or return this form. If you have more than one shareholding on South32 Limited's register and you do not wish to sell your shares under the South32 small shareholding sale facility (**Sale Facility**), you should consider consolidating them or submit a Share Retention Form for each Shareholding. For further advice on how to do this, contact Computershare Investor Services Pty Limited (CIS) on the number above.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored shareholding, please contact your Controlling Participant to notify a change of address.

Step 2: Signing Instructions

Individual: Where the shareholding is in one name, the shareholder must sign.

Joint Shareholding: Where the shareholding is in more than one name, all of the shareholders must sign.

Power of Attorney: Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

Companies: Where the shareholding is in the name of a Company, this form must be signed in accordance with the *Corporations Act 2001* (Cth), either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

Overseas Companies: Where the shareholding is in the name of an overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: Where the shareholding is in the name of a deceased estate, all executors must sign; and a certified copy or original of the required documentation must accompany this form. Details of the documentation required can be found by searching "deceased estates" on our website www.computershare.com or by calling Computershare Investor Services Pty Limited on 1800 019 953 or +61 3 9415 4169. If the shareholding is in more than one name the surviving shareholder may sign the form and return it together with a certified copy of the death certificate of the other joint shareholder.

Step 3: Contact Details

Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form →

Share Retention Form - South32 Limited Small Shareholding Sale Facility



I 1111111111

I ND

STEP 1**Shareholding Details**

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAPLETOWN NSW 2001



Change of address. If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.

For your security keep your SRN/HIN confidential.

Shares held as at 5:00pm (AWST) on 18 August 2016:

2000

To be valid, this Share Retention Form must be received by Computershare no later than **5:00pm (AWST) on 10 October 2016**.

You can return this Share Retention Form to Computershare by mail using the reply paid envelope enclosed.

STEP 2**Signature of Shareholder(s)**

This section must be completed.

By signing and returning this form, I/we hereby give notice that I/we wish to **RETAIN** my/our shareholding in South32 Limited.

I/we understand that by completing and returning this Share Retention Form, I/we will **NOT** participate in the Sale Facility and will **NOT** receive a cash payment pursuant to the terms of the Sale Facility.

Individual or Shareholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Shareholder 2

Director

Shareholder 3

Director/Company Secretary
(cross out titles as applicable)

Share Retention Forms received after 5:00pm (AWST) on 10 October 2016 will not be effective.

If your Share Retention Form is not received before this time, you will be deemed to have elected to participate in the Sale Facility and will be bound by the terms of the Sale Facility detailed in the attached shareholder letter dated 26 August 2016.

STEP 3**Contact Details**

Contact
Name

Contact
Daytime
Telephone

Date

____/____/____

Email
Address

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the *Corporations Act 2001* (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.