

**NOTICE OF
MEETING
2015**

CHAIRMAN'S LETTER

Dear Shareholder

I am pleased to invite you to attend the 2015 Annual General Meeting (AGM) of South32 Limited, which will be held in the Grand Ballroom, Hyatt Regency Perth commencing at 2:00pm (AWST) on Wednesday 18 November 2015. Registration will be available from 1.00pm.

The AGM will be a momentous day in our history, being our inaugural meeting as an independent company and I encourage you to participate by voting on items of business that will be presented at the meeting.

Details about these items of business are included in the accompanying Notice of Meeting, Explanatory Notes and voting procedures. The AGM will consider:

- Receipt and consideration of the Financial Report, Directors' Report and Auditor's Report
- Election of Xolani Mkhwanazi as a Director
- My re-election as a Director
- Appointment of KPMG as the Company's auditor
- Adoption of the Remuneration Report
- Granting deferred short-term and long-term incentive awards to the CEO
- Benefits payable to key management personnel on ceasing employment

Shareholders who cannot attend the AGM may appoint a proxy to attend and vote on their behalf. To do this, you should complete and return the Proxy Form enclosed with the Notice of Meeting so that it is received by our share registry, Computershare, by 2:00pm (AWST) on Monday 16 November 2015. You can do this online on the share registry website or you can post or fax the form to your local registry branch. Details of how to submit the Proxy Form are included with the form.

If you are attending the AGM in person, please bring the Proxy Form with you, as the barcode printed on it will assist with your registration and admission.

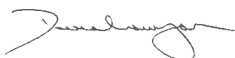
For those of you that cannot attend the meeting, an audio webcast will be available via a link on our website at www.south32.net. An archive of the webcast will be available at the same web address after the meeting.

I also encourage shareholders who are entitled to vote at the meeting to submit written questions in advance of the meeting. Questions should relate to matters that are relevant to the business of the meeting and may be submitted on the form included with this Notice of Meeting or online through our share registry website. Questions must be received by 5:00pm (AWST) on Wednesday 11 November 2015. Time permitting, I will try to address as many of the frequently raised topics as possible during the course of the meeting.

Finally, the Directors and Executive Committee at South32 would like to extend an invitation to shareholders to join them for light refreshments after the meeting.

I look forward to your participation at South32's inaugural AGM and in the future success of our company.

Yours sincerely



David Crawford AO
CHAIRMAN

NOTICE OF MEETING

Notice is given that the 2015 Annual General Meeting (Meeting) of shareholders of South32 Limited (South32 or the Company) will be held in the Grand Ballroom, Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia on Wednesday 18 November 2015 at 2:00pm (AWST).

BUSINESS OF THE MEETING

1 Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report, Directors' Report and Auditor's Report, as set out in the Company's Annual Report for the financial year ended 30 June 2015.

2 Election of Xolani Mkhwanazi as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Dr Xolani Mkhwanazi, who was appointed as Director on 2 July 2015 and who ceases to hold office in accordance with rule 8.1(c) of the Company's Constitution, is elected as a Director of the Company."

3 Re-election of David Crawford as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr David Crawford is re-elected as a Director of the Company."

4 Appointment of auditor

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of section 327B of the Corporations Act 2001 (Cth) and for all other purposes, KPMG, having been nominated by a shareholder and consenting in writing to act in the capacity of auditor, be appointed as the Company's auditor."

5 Adoption of the Remuneration Report

To consider and, if thought fit, pass the following non-binding resolution as an ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2015 be adopted."

Votes on this resolution are advisory only and do not bind the Directors or the Company.

Voting exclusion statement for Resolution 5:

The Company will disregard any votes cast on Resolution 5:

- by, or on behalf of, a member of the Company's Key Management Personnel (KMP) named in the Remuneration Report for the year ended 30 June 2015 or their closely related parties (regardless of the capacity in which the vote is cast) or
- as a proxy by a person who is a member of the Company's KMP at the date of the Meeting or their closely related parties

unless the vote is cast by a person as proxy for a person entitled to vote on Resolution 5:

- in accordance with the directions on the Proxy Form or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy even though Resolution 5 is connected with the remuneration of the Company's KMP

6 Grant of Awards to Executive Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That approval be given, for the purposes of ASX Listing Rule 10.14 and for all other purposes, to grant equity awards to the Chief Executive Officer and Executive Director, Mr Graham Kerr, under the Group’s short term and long term incentive plans as set out in the Explanatory Notes accompanying this Notice of Meeting.”

Voting exclusion statement for Resolution 6:

The Company will disregard any votes cast on Resolution 6:

- by, or on behalf of, Mr Graham Kerr and any of his associates (regardless of the capacity in which the vote is cast) or
- as a proxy by a person who is a member of the Company’s KMP at the date of the Meeting or their closely related parties

unless the vote is cast by a person as a proxy for a person entitled to vote on Resolution 6:

- in accordance with the directions on the Proxy Form or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy even though Resolution 6 is connected with the remuneration of a member of the Company’s KMP

7 Approval of leaving entitlements

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for a period of 3 years commencing from the date this resolution is passed approval be given for all purposes, including Part 2D.2 of the Corporations Act 2001 (Cth), for the giving of benefits to any current or future person holding a managerial or executive office in the Company or a related body corporate in connection with that person ceasing to hold that office as set out in the Explanatory Notes accompanying this Notice of Meeting.”

Voting exclusion statement for Resolution 7:

If any shareholder is an employee or Director of the Company or a related body corporate, then that shareholder (and their associates) should not vote on the resolution if they wish to preserve their ability to receive benefits under this approval.

NOTICE OF MEETING CONTINUED

Further, the Company will disregard any votes cast on Resolution 7 as a proxy by a person who is a member of the Company's KMP at the date of the Meeting or their closely related parties unless the vote is cast by a person as a proxy for a person entitled to vote on Resolution 7:

- in accordance with the directions on the Proxy Form or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy even though Resolution 7 is connected with the remuneration of the Company's KMP

By order of the Board



Nicole Duncan

Chief Legal Officer and Company Secretary

22 September 2015



HOW TO VOTE

South32 listings

South32 has a primary listing on the Australian Securities Exchange (ASX), a secondary listing on the Johannesburg Stock Exchange (JSE) and is admitted to the standard segment of the Official List of the UK Listing Authority's Official List and its ordinary shares are traded on the London Stock Exchange (LSE).

Entitlement to vote

A shareholder's entitlement to vote at the Meeting will be based on shareholders who appear in the Register of Members at 4:00pm (AWST) on Monday 16 November 2015. Any share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Total voting rights

As at 21 August 2015 (being the latest practicable date prior to the publication of this Notice of Meeting), the issued share capital of South32 was 5,323,762,901 ordinary shares, carrying one vote each. No ordinary shares are held in treasury by South32. Therefore, the total number of voting rights in South32 as at 21 August 2015 is 5,323,762,901.

Voting at the Meeting

As determined by the Chairman of the Meeting, each resolution will be decided on a poll. Each shareholder present has one vote for each fully paid ordinary share held at 4:00pm (AWST) on Monday 16 November 2015.

Jointly held shares

Where shares are held jointly and more than one joint holder votes (either personally or by proxy, attorney or representative) in respect of a resolution, the vote of the holder named first in the Register of Members will be accepted to the exclusion of the votes of other joint holders.

Appointing an attorney

A shareholder may appoint an attorney to act on their behalf at the Meeting. If you wish to appoint an attorney, such appointment must be made by duly executed power of attorney. If the power of attorney has not previously been provided to the Company or its share registry, Computershare, a copy must be provided before the Meeting.

Appointing a proxy to vote on your behalf

A shareholder entitled to attend the Meeting and vote has the right to appoint a proxy to act on their behalf. A proxy need not be a shareholder of the Company and may be an individual or a body corporate. A proxy may be appointed by completing and returning the Proxy Form that accompanies this Notice of Meeting.

HOW TO VOTE CONTINUED

A shareholder entitled to cast two or more votes is entitled to appoint no more than two proxies to attend and vote at the Meeting. This may be done by specifying both names in the Proxy Form. If a shareholder does not specify the proportion or number of votes that each proxy may exercise in the Proxy Form, each proxy may exercise half of their votes.

Completing and lodging the Proxy Form

Please follow the instructions in the Proxy Form if you wish to appoint a proxy.

Where the name of the proxy is not specified, the Chairman of the Meeting will be appointed as the shareholder's proxy.

A shareholder may direct their proxy how to vote by marking the relevant boxes next to each item in the Proxy Form (that is, 'for', 'against' or 'abstain'). Shareholders are encouraged to direct their proxy how to vote. If a shareholder does not mark a voting box in respect of a resolution, their proxy can vote as they decide, subject to any voting exclusions that apply to the proxy.

Proxy Forms must be received by no later than 2:00pm (AWST) on Monday 16 November 2015. Proxy Forms received after this time will not be effective.

You may lodge your Proxy Form in one of the following ways:

- electronically at www.investorvote.com.au
- by post using the enclosed envelope
- by post or hand delivery to your local Computershare branch

	Postal address	Address for hand delivery
Australia	Computershare Investor Services Pty Limited GPO Box 242 Melbourne, Victoria 3001 Australia	Computershare Investor Services Pty Ltd 452 Johnson Street Abbotsford, Victoria 3067 Australia
South Africa	Computershare Investor Services (Pty) Limited PO Box 61051 Marshalltown 2107 South Africa	Computershare Investor Services (Pty) Limited 70 Marshall Street Johannesburg 2001 South Africa

- by fax to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia) or
- Intermediary Online users only (custodians), electronically at www.intermediaryonline.com

Holders of shares dematerialised into Strate should return their Proxy Forms directly to their Central Securities Depository Participant or stockbroker.

Body corporates

Where a shareholder is a body corporate or a body corporate is appointed as proxy, the body corporate will need to ensure that:

- it appoints an individual as its corporate representative in accordance with section 250D of the Corporations Act to exercise its powers at the Meeting. A “Certificate of Appointment of Corporate Representative” signed in accordance with section 127 of the Corporations Act or by a duly appointed attorney can be used for this purpose. A copy of the certificate is available from the Share Registry and
- the instrument appointing the corporate representative must be provided to the Company or its Share Registry before the Meeting

Proxy voting by members of the KMP

If you appoint a member of the Company’s KMP or one of their closely related parties as your proxy, they will not be able to cast your votes on Resolutions 5, 6 and 7, unless you direct them how to vote or the Chairman of the Meeting is your proxy.

If you appoint the Chairman of the Meeting as your proxy or the Chairman of the Meeting becomes your proxy by default, and you do not mark a voting box for Resolutions 5, 6 or 7, then by completing and returning the Proxy Form you will be expressly authorising the Chairman of the Meeting to vote in respect of Resolutions 5, 6 or 7 even though they are connected with the remuneration of the Company’s KMP.

The Chairman of the Meeting intends to vote all available proxies in favour of each resolution.

How we communicate with you

In line with our commitment to the environment and our focus on lowering costs, unless you elect otherwise we will provide our Annual Reports to you by making them available on our website (www.south32.net).

As outlined in the Shareholder Circular relating to the demerger of South32 from BHP Billiton, where you had given an election to BHP Billiton about communications, that election will be carried across to South32. But, as South32 has not prepared a concise version of its Annual Report, this will not apply to any elections previously made about receiving a concise annual report.

You have the option of receiving, free of charge, a printed copy of the Annual Report or alternatively receiving your securityholder communications by email. To arrange this, please update your details on www.computershare.com.au/easyupdate/S32 or by contacting Computershare on 1300 308 185.

EXPLANATORY NOTES

These Explanatory Notes form part of the Notice of Meeting and provide shareholders with information in relation to each of the proposed resolutions in the Notice of Meeting.

Please read the information set out in the Explanatory Notes carefully before deciding how to vote.

1 FINANCIAL REPORT, DIRECTORS' REPORT AND AUDITOR'S REPORT

In accordance with section 317 of the Corporations Act, the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2015 (together, the Reports) will be tabled at the Meeting.

The Reports are set out on pages 152 to 225 of the 2015 Annual Report, which may be accessed on the Company's website (www.south32.net).

During this item of business, shareholders will be given a reasonable opportunity to ask questions and make comments about the Reports, as well as the business and management of the Company.

Shareholders will also be given a reasonable opportunity to ask a representative of the Company's auditor, KPMG, questions in relation to the:

- conduct of the audit
- preparation and content of the Auditor's Report
- accounting policies adopted by the Company in relation to the preparation of its financial statements and
- independence of the auditor in relation to the conduct of the audit

Written questions to KPMG that are relevant to the content of the Auditor's Report or the conduct of the audit for the 2015 Annual Financial Report can be submitted using the Shareholder Question Form accompanying this Notice of Meeting.

2 ELECTION OF XOLANI MKHWANAZI AS A DIRECTOR

The Board appointed Dr Xolani Mkhwanazi as Director on 2 July 2015. In accordance with rules 8.1(c) and 8.1(j) of the Company's Constitution, Dr Mkhwanazi will retire, and being eligible, offers himself for election at the Meeting.

The biographical details of Dr Mkhwanazi are as follows:



Xolani Mkhwanazi BSc, MSc, PhD (Applied Physics), 60

Non-Independent Non-Executive Director
Member, Sustainability Committee
(Location: South Africa)

Skills and experience:

Dr Mkhwanazi was previously President and Chief Operating Officer South Africa Aluminium with BHP Billiton (from February 2005). Dr Mkhwanazi was Chairman of BHP Billiton in South Africa from 2009 to 2015. He has served as Chief Executive Officer of Bateman Africa Ltd and the National Electricity Regulator. Prior to that, he held senior positions at the Council for Scientific and Industrial Research. During this period, he played a key role in the formulation of the South African National Science and Technology Policy. In his early career, Dr Mkhwanazi was a Senior Scientist at the Atomic Energy Corporation and Head of the Physics Department at the University of Swaziland.

EXPLANATORY NOTES CONTINUED

Other directorships and offices (current and recent):

- Director, Murray and Roberts Ltd (since August 2015)
- Director, Bombardier Transportation South Africa (Pty) Ltd
- Director, Comverge South Africa (Pty) Limited
- Director, Odgers Berndtson SA (Pty) Ltd
- Director, Private Label Promotion (Pty) Ltd

Recommendation

The Board (with Dr Mkhwanazi abstaining) recommends that shareholders vote in favour of the election of Dr Mkhwanazi as a Director of the Company.

3 RE-ELECTION OF DAVID CRAWFORD AS A DIRECTOR

Mr David Crawford, the Company's independent Chairman, was appointed to the Board on 2 February 2015, prior to the Company's demerger from BHP Billiton.

To facilitate an orderly rotation among the Non-Executive Directors (six of whom would otherwise be due to retire at the 2017 Annual General Meeting), Mr Crawford will retire from the Board and will offer himself for re-election at the Meeting.

The biographical details of Mr Crawford are as follows:



David Crawford AO BComm LLB, FCA, FCPA, FAICD, 71 Chairman and Independent Non-Executive Director Chairman, Nomination and Governance Committee; Member, Risk and Audit Committee (Location: Australia)

Skills and experience:

Mr Crawford has extensive experience in risk management and business reorganisation. He has acted as a consultant, scheme manager, receiver, manager and liquidator to very large and complex groups of companies. Mr Crawford was previously Australian National Chairman of KPMG, Chartered Accountants.

Other directorships and offices (current and recent):

- Chairman, Australia Pacific Airports Corporation Limited (since May 2012) and Director (since April 2001)
- Chairman, Lend Lease Corporation Limited (since May 2003) and Director (since July 2001)
- Advisory Board Member, Bank of America Merrill Lynch Australia
- Advisory Board Member, Allens
- Former Director, BHP Billiton Limited (from May 1994 to November 2014) and BHP Billiton Plc (from June 2001 to November 2014)

Recommendation

The Board (with Mr Crawford abstaining) recommends that shareholders vote in favour of the re-election of Mr Crawford as a Director of the Company.

4 APPOINTMENT OF AUDITOR

Under section 327B(1)(a) of the Corporations Act, the Company must appoint an auditor at its first Annual General Meeting.

In accordance with section 328B of the Corporations Act, the Company has received a written notice of nomination from a shareholder of the Company for KPMG to be appointed as the Company's auditor. A copy of the notice of nomination is set out below.

KPMG has given its written consent to act as the Company's auditor (subject to shareholder approval of this item).

Recommendation

The Board recommends that shareholders vote in favour of appointing KPMG as the Company's auditor.



5 ADOPTION OF THE REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act, shareholders are asked to adopt the Company's Remuneration Report for the year ended 30 June 2015.

The Remuneration Report is set out on pages 128 to 151 of the 2015 Annual Report, which is available on the Company's website (www.south32.net).

The Remuneration Report:

- confirms the Key Management Personnel (KMP)
- outlines the remuneration policy that South32 has adopted for its Directors and Executive KMP and its links to performance and the achievement of the Company's strategy
- explains the transitional remuneration arrangements that applied during FY2015 as a result of the demerger from BHP Billiton
- provides an overview of the remuneration arrangements that will apply for FY2016 for Directors and Executive KMP
- explains the Board's policies in relation to the objectives and structure of remuneration
- explains how the Company's remuneration structure links to the Company's overall strategy and supports the Company's performance and
- sets out the components of remuneration for Directors and Executive KMP, including relevant performance conditions

A reasonable opportunity for discussion of the Remuneration Report will be provided at the Meeting.

The Corporations Act requires a listed company to put a non-binding resolution to its shareholders to adopt its Remuneration Report. In line with those requirements, this vote will be advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of this vote and the discussion at the Meeting into consideration when determining the Company's approach to remuneration going forward.

Recommendation

The Board recommends that shareholders vote in favour of adopting the Remuneration Report for the year ended 30 June 2015.

Voting Exclusions

A voting exclusion applies to this resolution, which is set out in the Notice of Meeting under Resolution 5.

6 GRANT OF AWARDS TO EXECUTIVE DIRECTOR

The Company is seeking shareholder approval for the following proposed grant of rights to fully-paid ordinary shares in South32 (Rights) to Mr Graham Kerr, Chief Executive Officer and Executive Director of the Company, comprised of:

- Mr Kerr's long term incentive (LTI) for FY2016 and
- the deferred equity component of Mr Kerr's short term incentive (STI) award for FY2015

Details of the approach taken to calculating the number of Rights to be granted are set out below.

Subject to shareholder approval, both equity awards will be made under the South32 Limited Equity Incentive Plan (EIP). As the Rights form part of Mr Kerr's remuneration, they will be

EXPLANATORY NOTES CONTINUED

granted at no cost to Mr Kerr and there will be no amount payable on vesting. Each Right will entitle Mr Kerr to receive one ordinary share in the Company on vesting, although the Company retains a discretion to pay Mr Kerr cash to the same value as an alternative to providing shares where necessary or desirable (e.g. where the Rights vest after Mr Kerr ceases employment).

ASX Listing Rule 10.14 requires the Company to obtain shareholder approval for the issue of securities to a director under an employee incentive scheme. The Board intends to source any shares allocated to Mr Kerr on vesting of his equity awards through on-market purchases, which are excluded from the operation of ASX Listing Rule 10.14. However the Board is seeking shareholder approval in the interests of transparency and good corporate governance and to preserve flexibility in the event that the Company decides at the time of vesting that it is more appropriate to issue shares rather than source them on-market.

If shareholder approval is obtained, it is intended that the Rights will be granted to Mr Kerr in December 2015, and in any case within 12 months of the Meeting.

Overview of CEO remuneration arrangements FY2016

Mr Kerr's remuneration arrangements are structured to encourage a long term approach to decision making that does not prioritise short-term results at the expense of longer-term business growth and success. For this reason a relatively high proportion of Mr Kerr's remuneration is comprised of 'at-risk' elements that will only be paid if pre-determined performance hurdles are met and the Company considers that vesting the awards is appropriate in all the circumstances.

The 'at risk' component of Mr Kerr's remuneration comprises an STI award and an LTI award. Half of Mr Kerr's STI award will be deferred into equity for a two year period, and the entire LTI award is delivered in equity. Receipt of an STI award is dependent on achievement of performance targets linked to the key financial and non-financial drivers which are set out on the basis that they are expected to have a significant short-term and long-term impact on the success of the South32 Group. Performance under the LTI award will be measured over a four year period against a hurdle linked to total shareholder returns (explained in more detail below). This will ensure that the awards received by Mr Kerr reflect the Company's performance and share price over a prolonged time frame. Further details of Mr Kerr's remuneration arrangements and how they are structured to support the Company's performance are set out in the Remuneration Report.

Key terms of the STI award

Quantum of award

An STI award was made to Mr Kerr in respect of FY2015 for performance against a combination of targets set by BHP Billiton (for the pre-demerger period) and South32 (for the post-demerger period). The South32 Remuneration Committee assessed performance for the full FY2015 period with regard to recommendations from BHP Billiton and determined that Mr Kerr had earned an STI award to the value provided in the table below for his performance in FY2015.

Period	STI Plan	STI Award
Pre-demerger (1 July 2014 to 24 May 2015)	BHP Billiton	US\$ 1,502,510
Post-demerger (25 May 2015 to 30 June 2015)	South32	A\$ 242,223

EXPLANATORY NOTES CONTINUED

Further details regarding the basis on which Mr Kerr's STI outcome was determined for FY2015 are set out in the Remuneration Report.

Half of the STI award earned by Mr Kerr for FY2015 has been paid to him in cash. Subject to shareholder approval, it is intended that the remaining half of the award will be provided to him in the form of Rights. The number of Rights to be granted will be determined based on the price of South32 shares at the time of grant, so it is not possible to specify the maximum number of Rights. More specifically, the actual number of Rights to be granted to Mr Kerr will be determined by:

1. Converting half of the US Dollar portion of the STI award (US\$751,255) into Australian Dollars, using the average foreign exchange rate for the five days up to, but excluding, the date of grant
2. Adding to this value half the portion of the STI award determined in Australian Dollars (A\$121,112) and
3. Dividing the aggregate amount, calculated in steps 1 and 2 above, by the volume-weighted average price (VWAP) of South32 shares for the five days up to, but excluding, the date of grant

The number of Rights resulting from this calculation will be rounded down to the nearest whole number of Rights.

Illustrative Example:

As an illustrative example, if an STI award was granted based on the five-day VWAP for South32 shares traded on ASX and exchange rate up to and including 11 September 2015 (\$A1.65; and \$A1 to \$US0.7004), the number of Rights to be granted to Mr Kerr would be 723,466 based on the following calculation:

1. *Converting \$US portion of STI award to \$A: $\$US751,255 \times (1/0.7004) = \$A1,072,608.51$*
2. *Aggregating \$US portion and \$A portion of STI: $\$A121,112 + \$A1,072,608.51 = \$A1,193,720.51$*
3. *Dividing combined STI value by the VWAP: $\$A1,193,720.51/1.65 = 723,466.975$ (rounded down to the nearest whole Right i.e. 723,466 Rights)*

Note that this example is illustrative only. The actual number of Rights to be granted to Mr Kerr will be calculated using the exchange rate and the VWAP for South32 shares for the 5 days leading up to the date of grant in December, but excluding the date of grant.

Vesting conditions

The Rights comprising Mr Kerr's STI award will vest at the end of the 2 year deferral period, subject to service, dealing and forfeiture conditions. Vesting is expected to occur following the release of the Company's full year results for FY2017 i.e. in August 2017.

Cessation of employment

The Board has discretion to determine how the STI award will be treated upon cessation of employment with the Company. Unvested Rights may vest early (eg if Mr Kerr ceases employment due to death or serious injury) or lapse immediately (eg where Mr Kerr resigns or is terminated for cause) upon cessation of employment or, in any other circumstance, remain on foot (subject to the Remuneration Committee's discretion to lapse or vest the award).

Change of control

In circumstances where there is a likely or actual change in the control in the Company, the Board has discretion to determine the level of vesting (if any) having regard to the relevant circumstances. As performance was assessed for Mr Kerr's FY2015 STI award before the grant of the deferred equity component, the deferred equity component will generally vest in full on a change in control.

Key terms of the LTI award

Quantum of award

The Remuneration Committee had regard to both fair value and face value when setting the quantum of Mr Kerr's LTI award in respect of FY2016.

The face value of A\$5.735 million represents the maximum value of the LTI award if all Rights vest, based on the number of Rights being granted and the Grant VWAP. The Committee considers that it is important to communicate and have regard to the face value of the LTI award to aid transparency.

However, the Committee considers fair value to also be an important measure for setting and benchmarking the quantum of the LTI award opportunity, because fair value takes into account the likelihood of Mr Kerr deriving value from the LTI award at vesting. The Committee believes that a fair value approach, provided it is consistently applied and transparently disclosed, will be more meaningful for stakeholders in understanding what the Company expects Mr Kerr will receive under his LTI award.

A fair value of 123% of Mr Kerr's fixed remuneration, (calculated as A\$2.18 million) has been set as the target opportunity for Mr Kerr's FY2016 LTI award. This was calculated by applying an expected value factor of 38%. This expected value factor was calculated based on analysis by PwC and represents the discount applied to the face value of the LTI awards to account for the probability that Mr Kerr may not derive value from the LTI award, and takes into account factors including the difficulty of achieving performance hurdles and anticipated share price volatility. The South32 expected value factor of 38% is lower than the BHP Billiton fair value factor of 41% which was used to calculate the intended face value of LTI awards to Mr Kerr in the Listing Document. The difference in the expected value factor is largely attributable to the anticipated volatility of South32 shares in comparison to BHP Billiton shares.

The actual number of rights, determined to be 3,002,513 rights, to be granted to Mr Kerr has been calculated by dividing the face value of the LTI award by the Grant VWAP, being the volume weighted average price of South32 shares traded on the ASX over the last 10 trading days of June 2015, of A\$1.91. This period has been chosen because it precedes the start of the performance period for the LTI, and is therefore aligned to the overall award approach. The resulting number of Rights has been rounded down to the nearest whole number of Rights.

Vesting conditions

The Rights comprising Mr Kerr's LTI award will vest at the end of a 4 year performance period from 1 July 2015 to 30 June 2019, subject to service, performance, dealing and forfeiture conditions. Vesting is expected to occur following the release of the Company's full year results for FY2019.

Mr Kerr's FY2016 LTI award will be subject to a relative total shareholder return (TSR) performance condition, which must be achieved over the four year performance period.

EXPLANATORY NOTES CONTINUED

Relative TSR has been chosen as the most appropriate measure as it allows for an objective external assessment of performance over a sustained period and is directly tied to the returns received by shareholders.

Full vesting of Mr Kerr's LTI award will only occur where the Company's TSR significantly outperforms the TSR of the comparator index. Two comparator indices have been selected in order to ensure the TSR performance condition is appropriately robust and reflective of the sectors and markets to which South32 has exposure.

For FY2016, the comparator indices will be:

- in relation to vesting of two thirds of the FY2016 LTI award: the Euromoney Global Mining Index, constrained by company and sector. This comparator index comprises approximately 150 companies and is considered the most appropriate sector comparison for South32 in terms of companies in a related industry, with a relevant commodity mix and a collective global footprint and
- in relation to the vesting of one third of the FY2016 LTI award: the MCSI World Index. This is a global equity index consisting of companies listed in developed markets and with a footprint in both developed and emerging market countries. It is considered an appropriate market index for South32 given the diversity of geographies across which it operates

Vesting will occur on a sliding scale. If the TSR of the Company:

- is below the TSR of the comparator index, 0% of the Rights will vest
- is equal to the TSR of the comparator index, 40% of the Rights will vest
- exceeds the TSR of the comparator index by at least 5.5% per annum cumulative (Outperformance), 100% of the Rights will vest
- is between the TSR of comparator index and Outperformance, vesting will be on a sliding scale between 40% and 100%

There will be no retesting if the performance condition is not met.

Cessation of employment

The Board has discretion to determine how the LTI award will be treated upon cessation of employment with the Company. For example, the award may vest (eg if Mr Kerr ceases employment due to death or serious injury), lapse (eg where Mr Kerr resigns or is terminated for cause) or in any other circumstance, a pro rata portion of the unvested award remain of foot (subject to the Remuneration Committee's discretion to lapse or vest the award).

Change of control

In circumstances where there is a likely or actual change in the control in South32, the Board has discretion to determine the level of vesting (if any) having regard to the portion of the vesting period elapsed, performance to date against the performance conditions and any other factors it considers appropriate.

Common terms of the LTI and STI awards

No rights before vesting

Before vesting, Rights are not ordinary shares and do not carry entitlements to ordinary dividends or other shareholder rights (such as voting).

Clawback and malus

The Board has broad discretion under the EIP to reduce or clawback vested and unvested awards in certain circumstances to ensure that no inappropriate benefit is obtained by the participant. These circumstances include where: a participant engages in misconduct; vesting of a participant's awards has been triggered by another person's misconduct; there is a material misstatement in a Group company's accounts; or any other factor exists that justifies the exercise of the Board's forfeiture or clawback discretion.

Dealing restrictions

Mr Kerr is not permitted to deal with Rights granted as STI or LTI awards to him before vesting. In particular, Mr Kerr is not allowed to protect the value of any unvested awards or to use unvested awards as collateral in any financial transaction, including hedging and margin loan arrangements.

Additional information

Under ASX Listing Rule 10.15, the Company provides the following information in relation to the proposed grant of Rights:

- (a) ASX Listing Rule 10.15.4 requires the Company to disclose all securities received by Directors and their associates under an employee incentive scheme since the last approval sought for grant under that incentive scheme to a director. This is the first time that the Company is seeking approval to grant Rights to a director under the EIP. Accordingly, no securities requiring disclosure under this Listing Rule have been issued
- (b) Mr Graham Kerr is the only Director entitled to receive Rights under the EIP
- (c) No loan will be made by the Company in connection with the acquisition of Rights under the proposed awards
- (d) If approval is given by shareholders under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1

Recommendation

The Board (with Mr Kerr abstaining) recommends that shareholders vote in favour of granting Rights to Mr Kerr as a deferred STI award for FY2015 and an LTI award for FY2016.

Voting Exclusion

A voting exclusion applies to this resolution, which is set out in the Notice of Meeting under Resolution 6.

7 APPROVAL OF LEAVING ENTITLEMENTS

Part 2D.2 of the Corporations Act restricts the benefits that can be given without shareholder approval to individuals who hold a managerial or executive office (as defined in the Corporations Act) on leaving employment with South32 Limited or its related bodies corporate (Group).

Under section 200B of the Corporations Act, the Company may only give a person a 'benefit' in connection with their ceasing to hold managerial or executive office in the Group if it is approved by shareholders or an exemption applies.

Approval is being sought in respect of any current or future employees who are members of the Company's KMP (including the CEO) at the time of their termination or at any time in the three years prior to their termination.

Non-Executive Directors do not participate in South32's incentive plans and are not entitled to receive any termination payments in connection with their retirement from the Board. Potential benefits upon termination for Non-Executive Directors would therefore be limited to unpaid fees and entitlements and other non-material incidental benefits (e.g. retention of property such as phones or electronic devices). Accordingly, the focus of this resolution is on KMP who are also Executives of the Group.

Rationale for seeking approval

The approval sought is in relation to the Group's existing obligations to KMP, and to enable the Group to operate its remuneration programmes to support the Company's strategy. In particular, the approval will enable the Board to:

- deliver current KMP the benefits to which they are contractually entitled
- attract and retain future KMP on market competitive terms and
- ensure KMP are treated fairly on cessation of employment, having regard to their contribution to the Group and the circumstances in which they are ceasing employment

South32's guiding remuneration policy and philosophy, and the arrangements that have been put in place for KMP are clearly articulated in the Remuneration Report.

The Company is conscious of the need to strike an appropriate balance between ensuring fair treatment of KMP on cessation of employment and avoiding excessive termination payouts. Careful consideration was given to this when setting the employment arrangements, remuneration, individual contractual entitlements, benefits and incentive plan treatments for KMP as described in the Remuneration Report.

Shareholders are not being asked to approve any increase or changes to the existing remuneration arrangements and entitlements of KMP described in the Remuneration Report. If shareholder approval is obtained, this will not guarantee that a KMP will receive any of the termination benefits described below. South32's purpose in seeking shareholder approval is to:

- facilitate the execution of South32's remuneration policy and programmes as outlined in the Remuneration Report and
- preserve the discretion of the South32 Board to determine the most appropriate termination package for KMP at the time cessation occurs

Approval is being sought for the following benefits or entitlements

The Company is seeking shareholder approval to:

- accommodate the full range of leaver treatments provided for under the terms of incentive awards for KMP, some of which involve exercise of discretion by the Board (or its delegates) and/or acceleration of vesting in limited circumstances
- pay any death and disablement benefits to which a KMP is contractually entitled upon cessation of their employment and
- pay additional termination benefits to a KMP (such as payments in lieu of notice or restraint payments included under their employment contract), including all contractual entitlements, up to a maximum of 12 months' base salary (based on the salary of the KMP at the time their employment ceases)

South32 is committed to transparency in communicating its remuneration arrangements to shareholders. To enable shareholders to meaningfully assess whether to approve this resolution, the summary below outlines the key categories of potential termination benefits that may become payable to KMP and the types of circumstances in which they may arise.

Summary of South32 Leaving Benefits

The summary is not intended to provide an exhaustive list of every benefit that could become payable to KMP in every potential termination scenario. Part of the reason South32 is seeking the shareholder approval is to preserve a degree of flexibility for the Board to tailor the termination arrangements for KMP having regard to the circumstances of the KMP's cessation of employment and within the parameters imposed by:

- South32's remuneration philosophy and policy, as set out in the Remuneration Report
- the KMP's employment contract
- the terms of any equity awards granted to the KMP under South32's incentive plans (which may vary from year to year and depending on whether the award was granted before or after the person's elevation into a KMP role)
- prevailing market practice and governance expectations at the time the KMP ceases employment

Employment contract benefits

Under their employment contracts, KMP may become entitled to payments in lieu of notice and restraint payments upon cessation of their employment, which are capped at a combined value of six months' base salary. The Board may also determine to make a pro-rata short-term incentive award to KMP in respect of the year in which their employment ceases.

EXPLANATORY NOTES CONTINUED

Where employment ceases due to death or disability, KMP are contractually entitled to:

- in cases of death, a lump sum payment equal to four times their annual gross salary or
- in cases of disability, a pension equal to 30% of their annual gross salary

KMP are not eligible for any payments, aside from statutory entitlements, where their employment is terminated for cause.

Incentive plan entitlements

In general, the awards made to KMP under South32's incentive plans differentiate between 'good leaver' and 'bad leaver' scenarios. 'Good leavers' are typically those who cease due to death or disability, retirement, redundancy or other appropriate circumstances at the Board's discretion (which could include circumstances of termination due to expiry of a fixed term contract or termination by mutual agreement). Termination for cause and resignation would typically be 'bad leaver' scenarios.

For equity awards made under South32's long-term and short-term incentive plans for its Executive Committee members (which includes all executive KMP), the normal treatment for 'good leavers' is for equity entitlements to remain on foot, pro-rated in the case of long-term incentive awards. Awards that remain on foot would be eligible for vesting in the ordinary course, subject to any applicable performance hurdles. However, the Board reserves a discretion to:

- vest or lapse incentive awards with effect from the cessation date or
- in the case of long-term incentive awards, to allow more than a pro-rata portion to remain on foot and be eligible for vesting in the ordinary course

The Board does not envisage that it would exercise its discretion to accelerate vesting of equity awards absent extraordinary circumstances (e.g. Death, serious injury, disability or illness). Similarly, the Board would only exercise its discretion to allow more than a pro-rata portion of unvested long-term incentive awards to remain on foot in limited circumstances, having regard to the duration of the vesting period elapsed, the level of performance against any applicable hurdles and the specific circumstances of the individual ceasing employment.

In addition to any unvested awards granted to them under Executive Committee incentive plans, it is possible that KMPs may still hold equity awards upon cessation of employment that were granted:

- under South32's incentive plans for executives below Executive Committee level or
- under BHP Billiton's incentive plans (i.e awards received by KMP in their capacity as BHP Billiton employees prior to the demerger of South32)

The terms of these awards may provide for acceleration of vesting for 'good leavers', in particular where the award is retention-based and does not involve a performance hurdle. Accordingly, KMP who are 'good leavers' may be entitled to accelerated vesting of awards granted to them prior to their promotion into a KMP role.

KMP who cease employment as 'bad leavers' will forfeit all unvested equity plan entitlements on cessation of employment.



The value of the potential termination benefits

The amount and value of the termination benefits that may be provided to a KMP in accordance with this approval cannot be ascertained in advance. This is because various matters will, or are likely to, affect that value, including:

- the circumstances in which the KMP ceases employment and the extent to which they served the applicable notice period
- the KMP's base salary at the time the relevant awards were made and the time they ceased employment
- the KMP's length of service and the portion of any relevant performance periods for equity awards that have expired at the time they cease employment
- the number of unvested performance rights or other equity entitlements that the KMP holds at the time they cease employment and the number that the Board determines to vest, lapse or leave on foot
- South32's share price when the value of any equity based termination entitlements is determined, and the terms of those entitlements (including performance conditions)
- any other factors the Board considers relevant when exercising its discretion, including where appropriate its assessment of the performance of the KMP up to the date of cessation
- the jurisdiction and location in which the KMP is based at the time they cease employment and the applicable laws in that jurisdiction and
- any changes in law between the date the Group enters into an employment agreement with a KMP and the date they cease employment

Approval is sought for a three year period

If approval is obtained, it will be effective for a period of three years from the date the resolution is passed. This means that the approval will be effective:

- if the Board (or its delegates) exercise the discretions outlined above upon cessation of employment and/or
- if the KMP ceases employment with the Group

during the period beginning at the conclusion of the Meeting and expiring at the conclusion of the 2018 Annual General Meeting. If considered appropriate, the Board will seek a new approval from shareholders at the Company's Annual General Meeting in 2018.

Recommendation

The Non-Executive Directors recommend that shareholders vote in favour of the approval of termination benefits in accordance with the terms outlined above.

Voting Exclusion

A voting exclusion applies to this resolution, which is set out in the Notice of Meeting under Resolution 7.

LOCATION OF GENERAL MEETING

Wednesday 18 November 2015 at 2:00pm (AWST)

Hyatt Regency Perth

99 Adelaide Terrace,
Perth, Western Australia

Located by the Swan River, Hyatt Regency Perth is within close proximity to the East Perth shopping and business area, WACA Oval and walking and cycling tracks.



Transport Options

Car

Casual day parking is available at the Secure Parking Car Park under the Hyatt Regency Perth with entry from Terrace Road. The Hyatt Regency Perth can offer guests a discounted parking pass at a cost of \$15.00 for the day.

For guests with disabilities, you have the option of being dropped off at the front entrance by the Concierge station prior to your car being either self parked in the Secure Parking car park or valet-parked by Hotel staff.

Train

The Perth train station is approximately 2.1km from the hotel.

The William Street underground station is approximately 2km from the hotel.

The Esplanade station is approximately 2km from the hotel.

Buses

There are two bus stops on Adelaide Terrace, out the front of the Hyatt Regency Perth (one stop on each side of the road).

The following services stop at the bus stop 10072 (same side of Adelaide Terrace as the hotel) – services coming from the east:

Buses continued

32, 33, 36, 37, 38, 39, 40, 72, 75, 106, 170, 176, 210, 211, 212, 282, 283, 288, 298, 299.

The following services stop at the bus stop 10137 (across the road from the hotel) – services coming from the west/train stations:

24, 25, 27, 32, 33, 37, 38, 39, 40, 70, 72, 75, 103, 106, 111, 158, 176, 179, 211, 212, 283, 288, 296, 299.

(All route information taken from Transperth website – www.transperth.wa.gov.au. For further information on Perth bus services please call 13 62 13).

Taxis

A taxi rank is located on the concierge ramp of the hotel, and hotel staff can assist guests to get taxis. Taxi companies in the Perth and surrounding areas include Swan Taxis (phone 13 13 30), and Black and White Cabs (phone 13 32 22).

Bicycle

Hyatt Regency Perth does not have bike racks; however, there are public bike racks on Terrace Road (the rear of the hotel) that guests are able to utilise.

Train and bus timetables, and further information, can be found at www.transperth.wa.gov.au

SHAREHOLDER QUESTION FORM

South32 values the feedback and comments of its shareholders. We invite you to submit questions regarding any matter that may be relevant to the 2015 Annual General Meeting.

We will endeavour to address as many of the frequently asked questions at the Annual General Meeting as possible. If a large number of questions are received, we may not be able to address each question individually.

You are also invited to submit questions to South32's auditor, KPMG, using this form, if the questions are relevant to the content of the Auditor's Report or the conduct of the audit for South32's 2015 Annual Financial Report. If your question is for KPMG, please mark the box (☒) next to the question below.

Please return this question form by **5:00pm (AWST) on Wednesday 11 November 2015** to our share registry, Computershare, in one of the ways specified for the return of proxy forms in the Notice of Meeting.

Shareholder details

Name: _____

Address: _____

Questions

1. _____ ☐

2. _____ ☐

SOUTH32.NET





South32 Limited
ABN 84 093 732 597

Lodge your vote:

 **Online:**
www.investorvote.com.au


 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1800 019 953
(outside Australia) +61 3 9415 4169

Proxy Form

 <p>Vote and view the annual report online</p> <ul style="list-style-type: none"> • Go to www.investorvote.com.au or scan the QR Code with your mobile device. • Follow the instructions on the secure website to vote. 	
<p>Your access information that you will need to vote:</p> <p>PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.</p>	

 **For your vote to be effective it must be received by 2:00pm (AWST) on Monday 16 November 2015**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Appointing the Chairman of the Meeting as proxy: If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you leave Step 1 blank, or your named proxy does not attend the Meeting or does not vote on a poll in accordance with your instructions, the Chairman of the Meeting will be your proxy.

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box, your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

Voting restrictions for members of the key management personnel (KMP):

Please note that if you appoint a member of the KMP or one of their closely related parties as your proxy, they will not be able to vote your proxy on Resolutions 5, 6 and 7, unless you direct them how to vote by marking a voting box in Step 2 or you appoint the Chairman of the Meeting as your proxy. If the Chairman of the Meeting is or becomes your proxy by default, but you do not mark a voting box for Resolutions 5, 6 or 7, then by completing and returning the Proxy Form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy on the relevant resolution as he thinks fit, even though the resolution is connected with the remuneration of the Company's KMP.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you sign this form under Power of Attorney and have not already lodged the Power of Attorney with Computershare, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or corporate proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please complete the 'Shareholder Question form' that accompanies the Notice of Meeting and return it with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

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

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of South32 Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of South32 Limited (**Company**) to be held in the Grand Ballroom, Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia on Wednesday 18 November 2015 at 2:00pm (AWST) and at any adjournment or postponement of that Meeting.

Chairman of the Meeting authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy on Items 5, 6 & 7 (except where I/we have indicated a different voting intention below), even though Items 5, 6 & 7 are connected directly or indirectly with the remuneration of the Company's key management personnel.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy, you can direct the Chairman of the Meeting to vote for or against or abstain from voting on Items 5, 6 & 7 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Item 2 Election of Xolani Mkhwanazi as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-election of David Crawford as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Appointment of auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Grant of Awards to Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 Approval of leaving entitlements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /