



10 October 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

2016 Notice of Annual General Meeting

South32 Limited (ASX, JSE, LSE: S32) (South32) today releases its Notice of Annual General Meeting and sample Proxy Form for the 2016 Annual General Meeting.

The meeting will be held on Thursday, 24 November 2016 at 2.00pm Australian Western Standard Time (AWST) in the Golden Ballroom at the Pan Pacific Hotel, 207 Adelaide Terrace, Perth, Western Australia, 6000, Australia.

The Notice of Annual General Meeting will be sent today to those members who have elected to receive electronic communications and, for all other members, the Notice of Annual General Meeting will be dispatched no later than 25 October 2016.

The Notice of Annual General Meeting is available on our website www.south32.net.

FURTHER INFORMATION

INVESTOR RELATIONS

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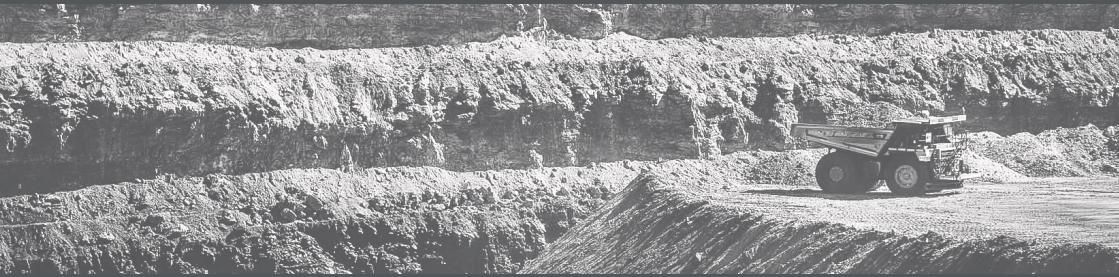
MEDIA RELATIONS

James Clothier

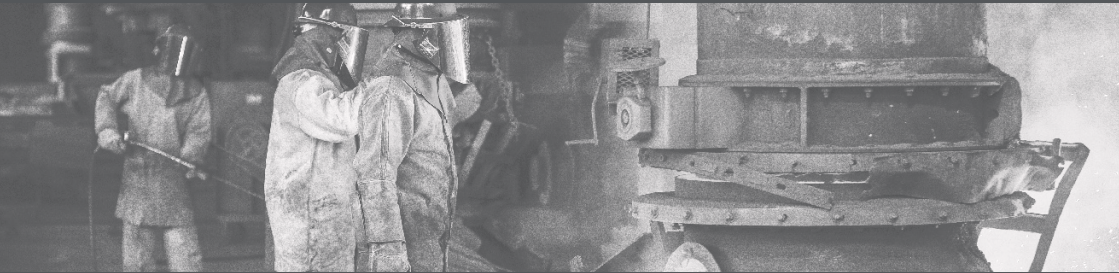
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Further information on South32 can be found at www.south32.net.

JSE Sponsor: UBS South Africa (Pty) Ltd
10 October 2016



NOTICE OF MEETING



2016



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CHAIRMAN'S LETTER

Dear Shareholder

I am pleased to invite you to attend the 2016 Annual General Meeting (Meeting) of South32 Limited, which will be held in the Golden Ballroom at the Pan Pacific Hotel, 207 Adelaide Terrace, Perth, Western Australia 6000, Australia commencing at 2.00pm (AWST) on Thursday 24 November 2016. Registration will be available from 1.00pm (AWST).

The meeting provides an opportunity for you to ask questions of and hear from your Board and Executive Committee members. I encourage you to attend and to participate by voting on the Resolutions that will be presented at the Meeting.

Our Chief Executive Officer, Graham Kerr, and I will open the meeting by commenting on the performance of South32 Limited during the financial year ended 30 June 2016. For further information, I encourage you to visit our website and refer you to our 2016 Annual Report.

Details about the Meeting Resolutions are included in the accompanying Notice of Meeting, Explanatory Notes and voting procedures.

Shareholders who cannot attend the Meeting may appoint a proxy to attend and vote on their behalf. To do this, you should complete and return the Proxy Form enclosed with this Notice of Meeting so that it is received by our share registry, Computershare, by 2.00pm (AWST) on Tuesday 22 November 2016. 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 Meeting 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 Shareholder Question Form included with this Notice of Meeting. Questions must be received by 5:00pm (AWST) on 17 November 2016. Time permitting, I will address the frequently raised topics during the course of the Meeting.

The Directors and Executive Committee of South32 also extend an invitation to shareholders to join them for light refreshments after the Meeting. I look forward to your participation at South32 Limited's Annual General Meeting.

Yours sincerely



David Crawford AO

CHAIRMAN

NOTICE OF MEETING

Notice is given that the 2016 Annual General Meeting (Meeting) of shareholders of South32 Limited (ABN 84 093 732 597) (South32 or the Company) will be held in the Golden Ballroom at the Pan Pacific Hotel, 207 Adelaide Terrace, Perth, Western Australia 6000, Australia, commencing at 2.00pm (AWST) on Thursday 24 November 2016.

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 for the financial year ended 30 June 2016.

2 Re-election of Directors

To consider and, if thought fit, to pass the following resolutions as separate ordinary resolutions:

- a) *"That Mr Wayne Osborn is re-elected as a Director of the Company."*
- b) *"That Mr Keith Rumble is re-elected as a Director of the Company."*

3 Adoption of the Remuneration Report

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

"That the Remuneration Report for the year ended 30 June 2016 be adopted."

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

Voting exclusion statement for Resolution 3:

The Company will disregard any votes cast on Resolution 3:

- 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 2016 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 3:

- 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 3 is connected with the remuneration of the Company's KMP.

4 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 4:

The Company will disregard any votes cast on Resolution 4:

- 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 4:

- 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 4 is connected with the remuneration of a member of the Company’s KMP.

By order of the Board



Nicole Duncan

Chief Legal Officer and Company Secretary

30 September 2016

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), is admitted to the standard segment of the Official List of the UK Listing Authority and its ordinary shares are traded on the London Stock Exchange (LSE). South32 also has a Level 1 American Depositary Receipt (ADR) programme, which trades on the United States over-the-counter market.

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 Tuesday 22 November 2016. Any share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Total shares voting rights

As at 30 September 2016 (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. For the purposes of the UK Financial Conduct Authority's Disclosure and Transparency Rules, no ordinary shares are held in treasury by South32. Therefore, the total number of voting rights in South32 as at 30 September 2016 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 Tuesday 22 November 2016.

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 a 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.

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 and may specify the proportion or number of votes that each proxy is appointed to exercise. This may be done by specifying both names on 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.

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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 box next to each Resolution 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 or abstain as they choose, subject to any voting exclusions that apply to the proxy.

Proxy Forms must be received by no later than 2:00pm (AWST) on Tuesday 22 November 2016. 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 Limited 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 to +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 2001 (Cth)* to exercise its powers at the Meeting. A "Certificate of Appointment of Corporate Representative" signed in accordance with section 127 of the *Corporations Act 2001 (Cth)* 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 3 or 4, 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 3 or 4, then by completing and returning the Proxy Form you will be expressly authorising the Chairman of the Meeting to vote in respect of the relevant Resolutions even though it is 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 Report to you by making it available on our website at www.south32.net

You will still 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 by contacting Computershare (contact details on page 18).

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 2001 (Cth)*, the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2016 (together, the Reports) will be tabled at the Meeting.

The Reports are set out on pages 120 to 186 of the 2016 Annual Report, which may be accessed on our website at www.south32.net

During this item of business, shareholders will have 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 have 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 2016 Financial Report can be submitted using the Shareholder Question Form accompanying this Notice of Meeting.

2 RE-ELECTION OF DIRECTORS

Resolutions 2(a) and 2(b) seek approval for the re-election of Mr Osborn and Mr Rumble. To facilitate an orderly rotation among the Non-Executive Directors (five of whom would otherwise be due to retire at the 2017 Annual General Meeting), both Mr Osborn and Mr Rumble will retire from the Board and will offer themselves for re-election at the Meeting.

RESOLUTION 2(a)



Wayne Osborn MBA, FAICD, 63

Mr Osborn has been a Non-Executive Director since 7 May 2015. He is Chairman of the Remuneration Committee and a Member of the Sustainability and Nomination and Governance Committees. He is located in Australia. The Board has assessed Mr Osborn as independent according to our Policy on Independence of Directors, which is available on our website.

The biographical details of Mr Osborn are as follows:

Skills and experience:

Mr Osborn has more than 35 years of experience in the Australian mining, resources and manufacturing sectors. Mr Osborn joined Alcoa in 1979 and worked in a variety of roles and locations across the Australian business, prior to being appointed Managing Director, Alcoa of Australia in 2001. He retired from Alcoa of Australia in 2008.

Mr Osborn enhances the extensive mining, exploration, commercial and financial experience of the Board.

Other directorships and offices (current and recent):

- Director, Wesfarmers Limited (since March 2010)
- Director, Alinta Holdings Pty Ltd
- Former Director, Iluka Resources Limited (March 2010 to May 2016)
- Former Director, CIMIC Group Limited (formerly Leighton Holdings Limited November 2008 to March 2013).

Recommendation

Following a review of Mr Osborn's performance conducted by the Board, the Board (with Mr Osborn abstaining) recommends that shareholders vote in favour of the re-election of Mr Osborn as a Director of the Company.

RESOLUTION 2(b)



Keith Rumble BSC, MSC (Geology), 61

Keith Rumble was appointed to the Board on 27 February 2015 prior to the Company's demerger from BHP Billiton. He is Chairman of the Sustainability Committee and a member of the Remuneration and Nomination and Governance Committees. He is located in South Africa. The Board has assessed Mr Rumble as independent according to our Policy on Independence of Directors, which is available on our website.

He brings a deep understanding of the industries in which South32's business operates and the history of these operations, and provides background and knowledge which is invaluable to the Board.

The biographical details of Mr Rumble are as follows:

Skills and experience:

Mr Rumble was previously Chief Executive Officer (CEO) of SUN Mining, a wholly-owned entity of the SUN Group, and a principal investor and private equity fund manager in Russia, India and other emerging and transforming markets. Mr Rumble has more than 30 years of experience in the resources industry, specifically in titanium and platinum mining. He is a former CEO of Impala Platinum (Pty) Ltd and former CEO of Rio Tinto Iron and Titanium Inc in Canada. Mr Rumble began his career at Richards Bay Minerals in 1980 and held various management positions before becoming CEO in 1996.

Other directorships and offices (current and recent):

- Director, Acetologix Pty Limited
- Director, Enzyme Technologies (Pty) Limited
- Director, Elite Wealth (Pty) Limited
- Board of Governors of Rhodes University
- Trustee, World Wildlife Fund, South Africa
- Former Director, BHP Billiton Limited and BHP Billiton Plc (September 2008 to May 2015).

Recommendation

Following a review of Mr Rumble's performance conducted by the Board, the Board (with Mr Rumble abstaining) recommends that shareholders vote in favour of the re-election of Mr Rumble as a Director of the Company.

3 ADOPTION OF THE REMUNERATION REPORT

In accordance with section 250R(2) of the *Corporations Act 2001 (Cth)*, shareholders are asked to adopt the Company's Remuneration Report for the year ended 30 June 2016.

The Remuneration Report is set out on pages 97 to 119 of the 2016 Annual Report, which is available on our website at www.south32.net

The Board is committed to a remuneration philosophy and framework that supports the implementation and achievement of our strategy and business objectives. Our remuneration structure is designed to align activities and behaviours of Executives with the long-term interests of our shareholders.

The Remuneration Report:

- confirms the KMP
- outlines the remuneration philosophy and framework that informs South32's remuneration policy and practices for its Directors and Executive KMP and explains the Board's policies in relation to the objectives and structure of remuneration
- sets out the components of remuneration for Directors and Executive KMP, including relevant performance conditions
- explains how the Company's remuneration structure links to the Company's overall strategy and supports the Company's performance
- outlines the outcomes of 'at risk' remuneration for Executive KMP for FY2016 following the Board's assessment of the business and individual performance and
- outlines the key areas where remuneration arrangements will change for Executives in FY2017.

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

The *Corporations Act 2001 (Cth)* 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 2016.

Voting Exclusions

A voting exclusion applies to this resolution, which is set out in the Notice of Meeting under Resolution 3.

4 GRANT OF AWARDS TO EXECUTIVE DIRECTOR

The Company is seeking shareholder approval for the 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 FY2017 and
- the deferred equity component of Mr Kerr's short-term incentive (STI) award for FY2016.

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 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 (for example, 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, however, 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. The Board is nevertheless 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 2016, and in any case within 12 months of the Meeting.

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 FY2016 and a LTI award for FY2017.

Voting Exclusion

A voting exclusion applies to this resolution, which is set out in the Notice of Meeting under Resolution 4.

Overview of CEO remuneration arrangements

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 a STI award and a 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 a 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 FY2016 deferred STI award

Quantum of award

Mr Kerr has earned a STI award in respect of FY2016 for performance against a combination of key business and individual objectives. The Remuneration Committee assessed Mr Kerr's performance and determined that he has earned a STI award at 63 per cent of maximum for his performance in FY2016 against those objectives, which equates to a total value of A\$2,018,650.

Further details regarding the basis on which Mr Kerr's STI outcome was determined for FY2016 are set out in the Remuneration Report.

Half of the STI award earned by Mr Kerr for FY2016 (A\$1,009,325) has been paid to him in cash. Subject to shareholder approval, it is intended that the remaining half of the award (A\$1,009,325) 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 dividing the amount of A\$1,009,325 by the volume weighted average price (VWAP) of South32 shares traded on the ASX for the five trading days up to, but excluding the date of grant (expected to be December 2016). The number of Rights resulting from this calculation will be rounded down to the nearest whole number of Rights.

For example, based on the VWAP of South32 shares for the five trading days up to, but excluding, 31 August 2016, being A\$2.00, the number of rights granted to Mr Kerr would be 504,662, being A\$1,009,325 divided by A\$2.00.

Vesting conditions

The Rights comprising Mr Kerr's deferred STI award will vest at the end of the two 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 FY2018, i.e. in August 2018.

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 immediately (for example, if Mr Kerr ceases employment due to death or serious injury) or lapse immediately (for example, where Mr Kerr resigns or is terminated for cause) or in any other circumstance, may remain on foot (subject to the Board's discretion to lapse or vest the award).

Change of control

In circumstances where there is a likely or actual change in the control of 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 FY2016 STI award before the grant of the deferred equity component, the deferred equity component will generally vest in full on a change of control.

Key terms of the LTI award

Quantum of award

Award levels for Mr Kerr's LTI award in respect of FY2017 are set to incentivise him to meet South32's long-term goals, encourage retention for the Executive and contribute to the competitiveness of the overall package.

Based on market data relative to appropriate peer groups for the role, being a global resources peer group and an ASX peer group, South32 has set the face value of rights for Mr Kerr at 300 per cent of his Fixed Remuneration for FY2017, or A\$5,310,000 (i.e. A\$1,770,000 x 300 per cent).

The target value of these Rights is estimated to be approximately A\$2,124,000, which is 120 per cent of Mr Kerr's Fixed Remuneration. This target value is an estimate of the value that Mr Kerr may derive from the LTI award and takes into account the difficulty of achieving the performance hurdles.

If shareholder approval is provided, 3,277,777 Rights, will be granted to Mr Kerr as his FY2017 LTI award. This number has been calculated by dividing the face value of the LTI award by A\$1.62, being the VWAP of South32 shares traded on the ASX over the last 10 trading days of June 2016. 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.

These Rights represent the maximum number that can vest at the end of the four-year performance period, subject to being tested against the demanding performance conditions set for the award. Vesting of the full number of Rights will require significant outperformance by South32's total shareholder return (TSR) relative to the comparator peer groups (described below) and meaningful value delivered to shareholders. Should the Company not perform to at least the median of the comparator group, none of these Rights will vest and the full amount will lapse. Further detail on the vesting scale is provided below.

Vesting conditions

The Rights comprising Mr Kerr's LTI award will vest at the end of a four-year performance period from 1 July 2016 to 30 June 2020, subject to service, performance, dealing and forfeiture conditions. Vesting is expected to occur following the release of the Company's full year results for FY2020.

Mr Kerr's FY2017 LTI award will be subject to a relative TSR performance condition, which must be achieved over the four year performance period.

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 indices. 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 FY2017, the comparator indices will be:

- in relation to vesting of two thirds of the FY2017 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 FY2017 LTI award: the MSCI 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 per cent of the Rights will vest
- is equal to the TSR of the comparator index, 40 per cent of the Rights will vest
- exceeds the TSR of the comparator index by at least 5.5 per cent per annum cumulative (Outperformance), 100 per cent of the Rights will vest
- is between the TSR of comparator index and Outperformance, vesting will be on a sliding scale between 40 per cent and 100 per cent.

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. Unvested Rights may vest immediately (for example, if Mr Kerr ceases employment due to death or serious injury), lapse immediately (for example, where Mr Kerr resigns or is terminated for cause) or in any other circumstance, a pro rata portion of the unvested award may remain on foot (subject to the Board's discretion to lapse or vest the award).

Change of control

In circumstances where there is a likely or actual change in the control of 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***

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

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 deferred 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

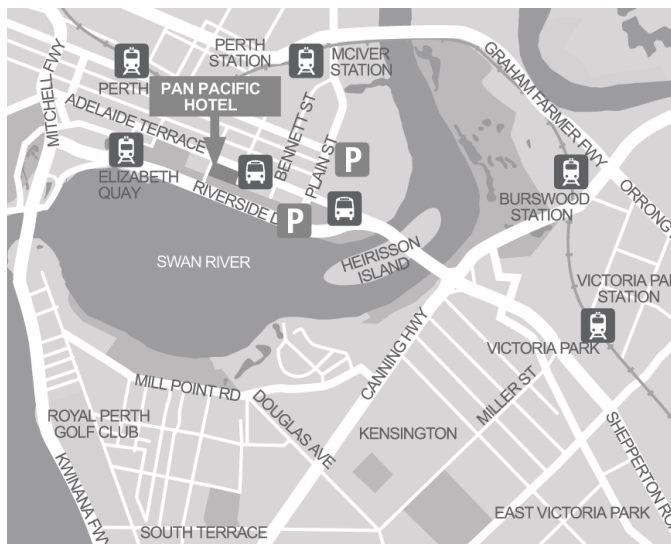
Under ASX Listing Rule 10.15, the Company provides the following information in relation to the proposed grant of Rights.

- (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. In accordance with the shareholder approval at South32's 2015 Annual General Meeting, Mr Kerr has received 1,057,718 Rights as the deferred component of his FY2015 STI award and 3,002,513 Rights as his FY2016 LTI award at no cost to him. These are the only Rights that have been granted to Mr Kerr since the last Annual General Meeting. Full details of these awards are set out in the Company's Remuneration Report.
- (b) Mr Kerr is the only Director (or associate of a 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 to Mr Kerr.
- (d) If approval is given by shareholders under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1.

LOCATION OF ANNUAL GENERAL MEETING

Thursday 24 November 2016 at 2:00pm (AWST)

Golden Ballroom
Pan Pacific Hotel
207 Adelaide Terrace
Perth
Western Australia 6000



Transport Options

Train

The Elizabeth Quay train station is approximately 1.2km from the hotel. For train timetables and further information visit www.transperth.wa.gov.au

Bus

There are two bus stops on Adelaide Terrace, near the corner of Bennett Street and Adelaide Terrace. For bus timetables and further information visit www.transperth.wa.gov.au

Car

Self-parking and valet parking options are available at the Pan Pacific Hotel, entry is via Hill Street. For guests of the AGM, the Pan Pacific Hotel can offer a discounted parking rate of \$20.00 for the day. Please note parking spaces are limited, subject to availability at time of entry and cannot be guaranteed.

Alternate parking options can be found at:

- Hay Street East, 262 Hay Street. More information can be found at www.cityofperthparking.com.au or by calling 1300 889 613
- 391 – 393 Hay Street Car park. More information can be found at www.wilsonparking.com.au or by calling 1300 726 702

Taxi

Hotel staff can assist guests to order taxis from the hotel.

UPDATE YOUR DETAILS

Better for you, better for the environment

South32 uses its website and email as the primary means of communicating with shareholders. This enables timely receipt of information and reduces the environmental footprint of our communications. To elect to receive electronic communications, and other online services designed to help you manage your shareholding, visit South32's share registry service, Computershare at www.investorcentre.com or alternatively refer to the relevant Investor Centre noted below.

Tax File Numbers

If you are an Australian Tax resident shareholder and have not provided a Tax File Number (TFN) or Australian Business Number (ABN) or Exemption, tax will be deducted from the unfranked portion of any dividend paid, at the highest marginal rate. Shareholders are encouraged to provide Computershare with their TFN or ABN.

Direct credit details

Where possible South32 intends to implement mandated direct credit payments for all future payments. Shareholders are encouraged to provide Computershare with their banking details.

Computershare contact details:

www.investorcentre.com

- Australia
Telephone: 1800 019 953 or + 61 3 9415 4169
- South Africa
Telephone: 0861 100 933 or +27 (11) 373 0059
- United Kingdom
Telephone: +44 (0) 370 873 5884

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 2016 Annual General Meeting.

At the Meeting the Chairman will endeavour to address as many of the frequently asked questions as possible. Please note that it will not be possible to send individual responses to questions. Questions relating to your shareholding will be actioned by the share registry, Computershare.

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 2016 Financial Report.

Please return this question form by **5:00pm (AWST) on Thursday 17 November 2016** to our share registry, Computershare, in one of the ways specified for the return of Proxy Forms in the Notice of Meeting.

Shareholder's Name (Please print)

Name: _____

Address: _____

Securityholder Reference Number (SRN) or Holder Identification Number (HIN)

My question relates to (please mark the most appropriate box):

- South32's performance or financial reports
- A Resolution being put to the Meeting
- South32's Remuneration Report
- South32's approach to sustainability
- My shareholding
- South32's auditor KPMG (only mark this box if your question relates to the content of the Auditors' Report or the conduct of the audit of the Financial Report to be considered at the Meeting)
- Other

Questions

SOUTH32.NET





South32 Limited
ABN 84 093 732 597

000001 000 S32
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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>Control Number: 999999</p> <p>SRN/HIN: I9999999999 PIN: 99999</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 Tuesday 22 November 2016

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 Items 3 and 4, 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 Items 3 or 4, 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 Item 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 sign alone. Otherwise this form must be signed by a Director 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** →

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

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.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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 Golden Ballroom at the Pan Pacific Hotel, 207 Adelaide Terrace, Perth, Western Australia 6000, Australia on Thursday 24 November 2016 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 3 and 4 (except where I/we have indicated a different voting intention below), even though Items 3 and 4 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 3 and 4 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 2a Re-election of Wayne Osborn as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 2b Re-election of Keith Rumble as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 3 Adoption of the Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 4 Grant of Awards to Executive Director | <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 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 ____ / ____ / ____