

South32 Limited  
(Incorporated in Australia under the Corporations Act, 2001)  
(ACN 093 732 597)  
JSE Share Code: S32  
ISIN: AU000000S320  
("South32" or "the Company")

### **LETTER TO SHAREHOLDERS**

South32 Limited (ASX, LSE, JSE: S32) (**South32**): Enclosed is a copy of a letter being sent today to shareholders who hold South32 shares on the Johannesburg Stock Exchange (Annexure A).

Similar letters will be sent to shareholders who will hold South32 securities on either the Australian Securities Exchange or the London Stock Exchange.



**Nicole Duncan**  
**Chief Legal Officer and Company Secretary**  
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Further information on South32 Limited can be found at: [www.South32.net](http://www.South32.net).

Shareholder Reference Number (SRN)

Dear Shareholder,

**Demerger of South32 Limited (“South32”) by BHP Billiton Limited and BHP Billiton Plc (collectively “BHP Billiton”)**

On behalf of the Board of South32, I am pleased to welcome you as a shareholder. This letter contains information about the recently completed Demerger of South32 from BHP Billiton and your interest in South32.

South32 is a globally diversified metals and mining company with a portfolio of high quality assets producing bauxite, alumina, aluminium, thermal and metallurgical coal, manganese, nickel, silver, lead and zinc.

With operations spread across five countries and 27,000 employees and contractors, South32’s focus is to maximise value for our shareholders by being a safe, lean, responsible and predictable operator of our portfolio of high quality assets through a disciplined capital management approach.

South32 will start life with a strong balance sheet, along with high quality, well maintained, cash generative assets and highly talented people. We will work hard to maintain the trust of our owners and partners as we seek to unlock the potential of our assets and grow value for our shareholders and the communities in which we operate. We believe that our regional model will enable us to improve our productivity and performance in a sustainable way. We will aim to combine strong operational performance with financial discipline as we seek to increase shareholder value.

Please note: Capitalised terms used in this letter have the meaning given to them in the Shareholder Circular relating to the Demerger dated 16 March 2015, unless the context requires otherwise.

**Distribution Ratio and Timetable**

The Demerger was effected through the distribution of one South32 Share for each BHP Billiton Share held by Eligible Shareholders at the Record Date (in addition to retaining their existing shares in BHP Billiton). A summary of the timetable is below:

	Record Date	Distribution Date
BHP Billiton Limited	20 May 2015	24 May 2015
BHP Billiton Plc	19 May 2015	25 May 2015

**Confirmation of your South32 holding**

Your certificate for the distribution of the new South32 Shares is enclosed. Please note the Shareholder Reference Number (“SRN”) shown on your certificate should be regarded as confidential and you should avoid disclosing it to anyone other than Computershare or your stockbroker. Your certificate should be kept in a safe place.

South32 Shares held in certificated form will be required to be dematerialised in order to trade such South32 Shares on the Johannesburg Stock Exchange. It is noted there are risks associated with holding shares in certificated form, including the risk of loss or tainted scrip, which are no longer covered by the JSE Guarantee Fund.

**Tax Implications**

Some information relating to the tax implications of the Demerger Dividend is contained within Section 8 of the Shareholder Circular. In addition, information is available on the BHP Billiton website at [www.bhpbilliton.com/demerger](http://www.bhpbilliton.com/demerger).

It should be noted that the information provided does not take into account the individual circumstances of particular shareholders and does not constitute tax advice. It is intended as a general guide only and shareholders should seek independent professional advice on the tax implications of the Demerger distribution based on their individual circumstances.

**Your Shareholder Information**

Some personal information recorded on the BHP Billiton Plc register at the distribution Record Date has been applied to your South32 Shares which you have received from the Demerger. This information includes, but is not limited to, direct credit banking instructions (for use in connection with dividends) and email addresses, including communication elections.

Tax File Numbers for BHP Billiton Limited and dividend currency elections for the BHP Billiton Plc UK Share Register (for CREST and Certificated Shareholders) have not been carried over to the respective South32 register (and will not be used post the Demerger on the South32 register) - these will need to be updated.

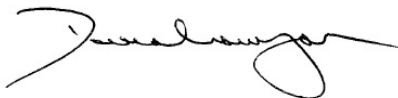
The personal information applied to your account can be viewed online at [www.computershare.com](http://www.computershare.com). You will need your SRN, located at the top of this letter, to access or update any details by contacting Computershare or provide your updated details in writing.

**Holder Enquiries**

If you have any enquiry with respect to the above or your holding, please contact our share registry, Computershare, on 011 373 0033 (within South Africa) or +27 11 373 0033 (outside South Africa).

In closing, let me once again welcome you as a shareholder in South32. You can be assured that the Board and senior executive team, and indeed everyone working within South32, are focused on delivering value to our shareholders, and we will keep you informed of our progress.

Yours faithfully



David Crawford  
Chairman  
South32 Limited

26 May 2015

JSE sponsor: UBS South Africa (Pty) Limited