



26 May 2015

South32
Level 35, 108 St Georges Terrace
Perth Western Australia
6000 Australia
south32.net

LETTER TO SHAREHOLDERS

South32 Limited (ASX, LSE, JSE: S32) (**South32**): In accordance with ASX Listing Rule 3.17.1, enclosed is a copy of a letter being sent today to shareholders who hold South32 shares on the Australian Securities Exchange.

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

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Further information on South32 Limited can be found at: www.South32.net.

All correspondence to:Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne
Victoria 3001 Australia**Enquiries:**(within Australia) 1800 019 953
(international) +61 3 9415 4169

26 May 2015

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

If, at the time of the Demerger, you were an issuer sponsored holder of BHP Billiton Shares, your holding statement showing the distribution of the new South32 Shares is enclosed. If, at the time of the Demerger, you were a CHESS holder of BHP Billiton Shares, you will receive your South32 holding statement from ASX Settlement Pty Limited after the end of this month, and a CHESS confirmation advice is enclosed for your reference. Please note that your issuer sponsored Securityholder Reference Number ("SRN"), or if you are a CHESS holder, your Holder Identification Number ("HIN"), should be regarded as confidential and you should avoid disclosing it to anyone other than Computershare or your stockbroker. Your holding statement should be kept in a safe place.

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.

BHP Billiton Limited has applied to the Australian Commissioner of Taxation for a class ruling confirming certain income tax implications of the Demerger for Participating Australian Shareholders. The final class ruling is expected to be received from the Commissioner shortly. BHP Billiton will notify Shareholders as soon as the ruling is released.

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 Limited 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.

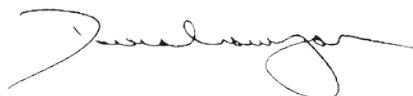
The personal information applied to your account can be viewed and updated online at www.investorcentre.com. You will need your SRN or HIN, located at the top of this letter, to access or update any details including your Tax File Number.

Holder Enquiries

If you have any enquiry with respect to the above or your holding, please contact our share registry, Computershare, on 1800 019 953 (within Australia) or +61 3 9415 4169 (outside Australia).

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