

## Guidance as to fair market value of South32 shares for United States tax reporting purposes

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### **Important information**

The following is a general guide for United States (**US**) resident shareholders and ADS holders of BHP Billiton Limited and BHP Billiton Plc (together, **BHP Billiton**), who hold their shares or ADSs as capital assets and who receive South32 shares or South32 ADSs pursuant to the demerger. It does not constitute tax advice and must not be relied upon as such. All US resident shareholders and ADS holders should consult with their own independent taxation advisers regarding their participation in the demerger and the determination for US tax purposes of the value of the demerger dividend received by them, in light of their own particular circumstances.

### **US taxation implications of the demerger dividend for US resident shareholders**

US resident shareholders and ADS holders of BHP Billiton will be treated as receiving a taxable distribution equal to the market value of the South32 shares or South32 ADSs received on the date of the distribution.

US resident shareholders and ADS holders will have a tax basis in the South32 shares or South32 ADSs equal to the amount of the dividend income recognised in respect of the demerger.

### **Fair market value of South32 shares and South32 ADSs for US tax purposes**

Although there is no authority on point, in the absence of market trading in South32 shares on the day of the distribution of South32 shares, we believe the best indication of the fair market value of South32 shares on the distribution date for US tax reporting purposes is US\$1.80 per share, being the Australian Securities Exchange opening price of the South32 shares on Monday 25 May 2015 of A\$2.305 per share, converted into US dollars using the AUD-USD Bloomberg opening wholesale rate on Monday 25 May 2015 of 0.7812.

The best indication of the fair market value of South32 ADSs is US\$9.00, which represents US\$1.80 multiplied by five (being the number of South32 shares that a South32 ADS represents).