

Guidance as to market value of South32 shares for South African tax reporting purposes

Important information

The following is a general guide for South African resident shareholders of BHP Billiton Plc, who hold their shares on capital account as investments for income tax purposes and who receive South32 shares pursuant to the demerger. It does not constitute tax advice and must not be relied upon as such. All South African resident shareholders should consult with their own independent taxation advisers regarding their participation in the demerger and the determination for South African tax purposes of the value of the demerger dividend received by them, in light of their particular circumstances.

South African taxation implications of the demerger dividend for South African resident shareholders

For individual South African resident shareholders of BHP Billiton Plc, the receipt of South32 shares under the demerger will be treated as a taxable foreign dividend for South African income tax purposes. The value of the taxable foreign dividend will be equal to the market value of the South32 shares received at the time of the distribution. A portion of the foreign dividend will be exempt from income tax in accordance with a prescribed formula applicable to individuals. The remaining amount will be subject to income tax in South Africa.

For corporate South African resident shareholders of BHP Billiton Plc, the receipt of South32 shares under the demerger will qualify for an exemption from income tax since it will qualify as a foreign dividend for South African income tax purposes, the South32 shares are listed and because it consists of the distribution of an asset *in specie*.

All South African resident shareholders will have a base cost in the South32 shares equal to the market value of the South32 shares received at the time of the distribution.

Market value of South32 shares for South African tax purposes

In the absence of market trading in South32 shares on the day of the distribution of South32 shares, South African resident shareholders may consider the Johannesburg Stock Exchange (**JSE**) closing price of the South32 shares on Friday 22 May 2015 as a reasonable approximation of the market value of those shares on the distribution date. The JSE closing price on Friday 22 May 2015 was ZAR 21.40 per share.

Sale Facility

If you participate in the Sale Facility, you will be treated as immediately disposing of the South32 shares that you receive under the demerger. If you are an individual South African resident shareholder, you will still need to account for the taxable foreign dividend portion as described above.

Your base cost in the South32 shares will be equal to the market value of the South32 shares received at the time of the distribution. Therefore, assuming your South32 shares are held on capital account, you will make a capital gain or capital loss equal to the difference between the sales proceeds realized under the Sale Facility and your base cost in the South32 shares sold.

You should consult your independent tax adviser to confirm the specific taxation implications of participating in the Sale Facility, in light of your particular circumstances.