

Guidance as to market value of South32 shares for United Kingdom tax reporting purposes

Important information

The following is a general guide for United Kingdom (**UK**) tax resident shareholders of BHP Billiton Plc who hold their shares as investments (other than under an individual savings account) and who receive South32 shares pursuant to the demerger. It does not constitute tax advice and must not be relied upon as such. All UK resident shareholders should consult with their own independent tax advisers regarding their participation in the demerger and the determination for UK tax purposes of the value of the demerger dividend received by them, in light of their own particular circumstances.

UK taxation implications of the demerger dividend for UK resident shareholders

For individual UK resident shareholders of BHP Billiton Plc, the receipt of South32 shares under the demerger will generally be a taxable dividend for UK income tax purposes.

For corporate UK resident shareholders of BHP Billiton Plc, the receipt of South32 shares under the demerger may be exempt from UK corporation tax provided certain conditions are met.

The value of the dividend of an individual UK resident shareholder will be equal to the market value of the South32 shares received at the time of the distribution.

All UK 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 UK tax purposes

Since the shares of South32 were not quoted on the Official List on the day of the distribution, correspondence with HM Revenue and Customs (**HMRC**) indicates that it considers the Australian Securities Exchange closing price of the South32 shares on Friday 22 May 2015 to be the best indication of the market value of those shares on the distribution date.

The market value of the South32 shares received under the demerger will need to be converted into British Pounds (**GBP**) in accordance with a prescribed method.

This information has been included on the tax voucher that has been sent to you in respect of the demerger dividend.

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 UK tax resident shareholder, you will still need to include the market value of the South32 shares as a taxable dividend. 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 you will make a capital gain or capital loss equal to the difference between the sales proceeds realised 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.