BHP Billiton Plc
Neathouse Place
London SW1V 1LH United Kingdom
Tel +44 20 7802 4000
www.bhpbilliton.com

12 May 2015

Dr N Steiner
116 Clonmore Street
Southfields
London SW18 5HB

Dear Dr Steiner,

Thank you very much for your additional questions in relation to the demerger of South32. We are also pleased that so many of the UK Shareholders Association were able to attend the meeting in London on 13 April. It is important to us to be able to listen directly to the views of UK retail investors and we have found our engagements with your association very helpful in this regard. The team have given me the feedback from the meeting and relayed your questions and comments. Thank you for taking the time to do this. We also have ensured that the Chairman is aware of your comments and questions.

Holders of South32 DIs will be able to exercise the rights attached to the South32 Shares and will be treated in materially the same way as registered South32 Shareholders. We have taken into account CREST Regulations, CREST requirements and other law in ensuring that your interests are materially the same as directly registered South32 shareholders. While UK law does not allow for shares in companies incorporated outside the UK to be directly registered on CREST, the Depository Interest structure is the method by which international companies such as Colt Group, Thomson Reuters and AngloGold Ashanti may be registered on CREST for trading on the London Stock Exchange.

You will recall that while South32 will have a standard listing on the London Stock Exchange it will be subject to the governance standards of the Australian Securities Exchange. These standards are very similar to those in the UK applying to premium listings. This will ensure further protection to shareholders through South 32's commitment to and application of rigorous standards of governance.

As we explained in the Shareholder Circular, your Board believes that with a simplified portfolio BHP Billiton be able to streamline its organisational model, reducing functional costs, and to drive substantial productivity benefits over the long term. The Board has recommended the demerger as the preferred mechanism for optimising shareholder value. This decision follows an assessment of the assets in BHP Billiton's portfolio to determine their fit with BHP Billiton's successful strategy of owning and operating tier one natural resources assets. The review indicated that BHP Billiton's portfolio has evolved into two distinct businesses – and that shareholder value would be optimised by demerging the alumina, aluminium, coal, manganese, silver, nickel, lead and zinc assets into an independent company, South 32.

The demerger is preferable to alternatives such as trade sales (including some or all of the assets) and Initial Public Offerings. It delivers the benefits of a focused portfolio more quickly, while preserving shareholder value by minimising tax and costs leakage. It is consistent with the strategy of BHP Billiton, neutral to commodity cycles and does not crystallise value for shareholders at a particular point in the economic cycle. Volatility does not change the value proposition for our investors. South32 will be established to be successful through cycles with a strong balance sheet and high quality assets. For BHP Billiton, we expect that a clear focus on our largest tier one assets will enable us to sustain productivity benefits beyond the $4 billion per annum gains already targeted by FY17.

Answers to your additional questions are set out in the attached document. We hope that these are sufficient for you to be able to support the demerger. We will have representatives from BHP Billiton, South32 and Computershare at the General Meeting on 6 May to specifically answer any further questions that you have.

We look forward to seeing you at the General Meeting.

Yours sincerely,

Jane McAloon
President, Governance and Group Company Secretary

ATTACHMENT 1: Demerger of South32

1) ***Private shareholders were pleased to learn that South32 would be listed in London. Most assumed this listing would be similar to BHP Billiton whereby shares could be bought and sold including name on share register (certificated). This isn't the case.***

2) ***A booklet (Corporate Sponsored Nominee Account Terms and Conditions) consisting of 17 sections came with the papers explaining that investments can only be made through a nominee account with Computershare Investor Services PLC. Computershare will be the legal owner of Depositary Interests. (section 2.1). This arrangement together with the following questions mean that private shareholders need to consider carefully whether this to hold or sell.***

   In all material respects shareholders will be able to freely own and trade South32 which themselves are to be listed on the LSE, but settle in the form of Depository Interests (DIs).

   The mechanism is a way in which retail Shareholders are able to hold shares in a company incorporated outside the UK and Ireland which is listed in London providing investors with a local registry service, which will continue to be the case for BHP Billiton shares. We have followed market standard in adopting these arrangements. As you are aware there are numerous precedents. Such as Verizon and International Consolidated Airlines Group (formerly British Airways). The South32 arrangements are almost identical to these precedents. We are sure that you will find Computershare very experienced and the transition should be seamless. We do however encourage you to reach out to our Company Secretariat Team and Computershare at the General Meeting should you wish to discuss further.

   It might be helpful to more clearly explain the terms Corporate Sponsored Nominee (CSN) and DIs and the benefits of them to yourself and other members of the UKSA.

   Corporate Sponsored Nominees (CSN)
   This service allows private individuals to hold, purchase, transfer and sell their South32 shares beneficially through a nominee company, as an alternative to holding South32 shares with a broker within CREST. Holders retain similar rights and benefits as a direct shareholder; however, the nominee company is the registered owner of the securities within CREST. The benefits of this arrangement are:

   - South32 securities are held electronically.
   - Holders are able to sell or transfer shares in a simple way, without having to produce a share certificate.
   - Opening, closing and annual statements are issued showing the number of shares held. Holdings can also be viewed online through our Investor Centre system.
   - Shares can be purchased or sold electronically with faster settlement and can result in reduced dealing charges.

   Depositary Interests (DI)
   Securities of Australian issuers cannot be registered, transferred or settled through CREST (CREST being the United Kingdom's (UK) electronic settlement system). The Depositary Interest (DI) arrangement overcomes this disadvantage by creating entitlements to the shares of South32, which are deemed to be UK securities and therefore admissible to CREST. While the underlying shares of South32 are listed and traded on the London Stock Exchange (LSE), it is the DIs that are actually transferred in CREST to settle those trades.

   The depositary (a subsidiary of Computershare) issues the DIs into CREST, with the underlying Newco shares held in a nominee account on behalf of the depositary on the Australian register.

   DIs are commonly used by issuers looking to support a substantial shareholder base in the UK, even where they are not listed in London. Computershare is the market leader in the provision of DIs, managing 65% of all DIs on issue and supporting home registers in over 20 countries.

3) ***Section 2.3 says you can request that the underlying shares be registered in your name on the South32 Limited Share Register. The DIs can be transferred into a CREST participant account.***

a) What will be the costs?
It is correct that holders can move out of the CSN to either another CREST participant (who can hold the DIs on their behalf) or request that they are released to them as shares on the Australian register (or to the South African register).

As set out in section 2.3 of the (Corporate Sponsored Nominee Account Terms and Conditions), the cost of transferring DIs into a CREST participant account will be £17.50. However, there are two exemptions that apply as further set out in clauses 9.1 and 11.21.

- 9.1: If you wish to cancel your South32 Limited Nominee Account within 30 calendar days of the date on which your account is first activated, no fees will be payable.
- 11.21: Relates to potential changes made to the terms in the future by Computershare. In that eventuality you will have 30 days notice and will be able to transfer within that 30 day period again without charge.

b) Are there any difficulties that we should be aware of if the nominee opts for this category?
If you register the underlying interests in your name on the South32 Limited Share Register you would no longer be able to trade your shares on the London Stock Exchange, so if you decide not to sell them through the Share Sale Facility which BHP Billiton is offering but want to sell them later, you would only be able to do this on the Australian Securities Exchange.

Computershare has indicated that once a CSN holder has left the service it may be subject to fees from their nominated CREST participant. That nominated CREST participant may also charge fees for the process required to cancel the DI and receive shares on the S32 register if you choose to do so.

4) Nominee holders who wish to be involved in meetings are required to complete a form after receipt of which they will appoint you as its proxy in respect of your South32 Limited DIs (section 3). The nominee manager will take all reasonable steps so that, as nearly as possible, you are treated in the same way as you would have been as a registered holder (section 4.2).

a) Will this include hard copy of annual report?
Yes. Instructions given to BHP Billiton in relation to notices and other communications will be applied automatically to South32. Those instructions already provided to BHP Billiton in relation to communications will remain unchanged. This is set out in Section 7.10 of the Shareholder Circular (page 84). It states 'Existing dividend mandates to bank or building society accounts given by Shareholders in relation to dividends paid by BHP Billiton, email addresses and instructions given to BHP Billiton in relation to notices and other communications will continue to apply and will be applied automatically to South32 and the South32 Shares which Shareholders receive on the Demerger, unless the Shareholder provides alternative instructions to the applicable Share Registry on or prior to the applicable Record Date or once they become a South32 Shareholder.'

5) Dividends will be converted as offered by South32 Limited (section 4.6). Dividends may be subject to a withholding tax (section 4.7).

a) Just to be clear will this include the £ sterling?
As set out in section 7.10 page 84 of the circular, dividends will be offered in £ sterling, and as noted above existing dividend mandates will continue to apply and be applied automatically to South32 and the South32 Shares which Shareholders receive on the Demerger, unless the Shareholder provides alternative instructions to the applicable Share Registry on or prior to the applicable Record Date or once they become a South32 Shareholder.

Dividends paid by South32 to UK Shareholders will only be subject to Australian dividend withholding tax to the extent that the South32 dividend is not franked for Australian tax purposes. South32 will maximize its franked dividends. South32's capacity to pay franked dividends will depend on the Australian income tax paid following the Demerger.

Any withholding tax which is payable on dividends paid by South32 to UK Shareholders would be payable irrespective of whether the UK Shareholder held the shares directly on the Australian register or through DIs or CSNs.

No assurance can be given in relation to the level of future dividends or the franking of such dividends, as these will depend on future events and circumstances.

No UK withholding tax will be payable on the South32 dividends.

6) ***Section 7.1 says you may not buy more South32 Limited DIs except through a DRIP.***

a) Please explain why?

These are Computershare's standard terms and conditions for providing this service. However, Computershare has informed us that they are generally willing to provide this service without obligation. Through Computershare the online transaction fee for this service will be 1 per cent or a minimum of £20. Buying additional securities will also accrue stamp duty at the normal market rate of 0.5 per cent. As noted above, if the participant wishes to elect to exit the CSN service and trade through a broker other rates might apply.

7) ***Section 9 deals with:***

a) Cancellation rights, which apply on joining the South32 Limited Nominee Account. No fees payable (section 9.1).

b) Withdrawal rights which apply at any time thereafter. Fees apply (section 9.2

c) What are the costs of withdrawal rights?

These are the same as those described above provided in clause 9.1 and 11.21 of the Corporate Sponsored Nominee Account Terms and Conditions, a fee, currently £17.50 will be charged if you decide to transfer South32 Limited DIs from the South32 Limited Nominee Account.

8) ***Costs for the service of a South32 Limited sponsored scheme are paid by South32 Limited (section 11.2). There is no annual fee.***

a) Are there any hidden costs for the nominee?

Computershare has confirmed that there are no hidden costs to CSN participants. Fees, as disclosed in the terms will only occur when they require additional services to be undertaken, such as a request to trade (buy or sell), replacement documents or exit the CSN service (after the free period).

9) ***Demerger of South32 by BHP Billiton section 8.3 (1) explains that the receipt of South32 shares as part of the Demerger will be treated as a dividend.***

a) Since no asset has been sold this appears an odd ruling. Please explain why and what value is going to be used?

Once the decision was made to demerge the South32 businesses to all BHP Billiton Shareholders, a number of options were considered in detail as how to transfer the South32 shares. The proposed 1 for 1 in-specie dividend was selected as the simplest and most cost effective to implement. It was also important for the Plc and Limited shareholders to be treated equally under the demerger. As set out on page 97 of the circular, the value of a Participating United Kingdom Shareholder's dividend receipt will be equal to the market value on the BHP Billiton Limited Distribution Date or BHP Billiton Plc Distribution Date (as appropriate) of the South32 Shares received by them. The Distribution date is expected to be 25 May 2015.

Different countries tax demerger dividends in different ways. Some countries do not effectively tax the demerger dividends until the respective shares are sold. Some countries (including the UK) may tax the demerger dividends in the same way as they tax cash dividends. We understand that under the proposed demerger, the UK tax is based upon the closing value of the South32 shares on the ASX on Friday 22 May 2015. Naturally, whether a UK shareholder is taxed on the demerger dividend and the applicable tax rate will depend upon their individual circumstances. We recommend seeking professional advice.