

Broken Hill Prospecting Limited
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Shareholders,

Broken Hill Prospecting Ltd

8 April 2014

Dear Shareholder,

SHARE PURCHASE PLAN

Broken Hill Prospecting Limited (BPL) announced on the 2nd April 2014 that it is providing shareholders with an opportunity to participate in the Company's capital raising program in the form of a Share Purchase Plan (SPP).

Since listing on the ASX in February 2011 BPL's technical team has considerably increased the value of your company's assets. Over this period estimates of contained resources have more than doubled to 35.7 million tonnes of 1.85 pounds per tonne cobalt and Potential for an additional 37-59 million tonnes of similar grade has been added*.

The mineralisation has also proven to be a valuable feed source for sulphuric acid production, a chemical which is mostly imported into Australia and which is critical to processing of many mineral resources and for numerous industrial applications. BPL has identified a growing Australian market for sulphuric acid which will add considerable value to BPL's deposits when they are developed. Future processing options could also benefit from electricity generated from process steam and sale of the fine-grained iron (hematite) residual following cobalt recovery.

Your company is making considerable progress in attracting a partner to help establish a chemical business based on the sulphuric acid produced from processing the Company's vast cobalt-pyrite resources and requires the funds raised from this SPP to advance this work and for metallurgical and scoping studies.

This SPP allows eligible Shareholders the opportunity to invest in the company at an attractive price and without undue dilution. Directors of BPL and many of the Company's major shareholders have indicated that they intend to participate.

The SPP will provide shareholders resident in Australia and New Zealand on 1 April 2014 (the record date) the opportunity to subscribe for shares in one of the amounts of A\$2,000, A\$5,000, A\$10,000 or A\$15,000. New shares can be purchased using BPAY or by cheque payment using the application form provided with this letter.

The offer closes at 5pm Sydney time on Tuesday 6 May 2014 and allotment is expected to occur on 13 May 2014.

I invite you to participate in the SPP using the attached guidelines and application form and thank you for your continued support.

A handwritten signature in black ink, appearing to read 'I. Pringle', written in a cursive style.

Dr Ian Pringle
Managing Director

*** Competent Person Statement**

Exploration activities and results contained in this letter and the accompanying Share Purchase Plan are based on information compiled by Dr Ian Pringle, a Member of the Australasian Institute of Mining and Metallurgy. Dr Pringle is the Managing Director of Broken Hill Prospecting Ltd and also a Director of Ian J Pringle & Associates Pty Ltd, a consultancy company in minerals exploration. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in both the December 2004 and December 2012 editions of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Potential is conceptual in nature. More drilling is required to further define it and there is no certainty that this will result in a Mineral Resource. Dr Pringle has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Broken Hill Prospecting Limited

Share Purchase Plan

8 April 2014

Warning Statement for New Zealand Shareholders:

You are being offered ordinary shares in Broken Hill Prospecting Limited.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

The usual rules do not apply to this offer because it is a small offer. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment. Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

**This is an important document
If you have any doubts on what you should do, please consult your financial adviser**

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KEY DATES*

1 April 2014	Record Date	Date on which Broken Hill Prospecting determined the Eligible Shareholders
2 April 2014	Announcement Date	Date of the Announcement of the Share Purchase plan
8 April 2014	Opening Date	Share Purchase Plan opens
6 May 2014	Closing Date	Share Purchase Plan closes. Applications must be received by 5pm Sydney Time
13 May 2014	Allotment Date	Shares allotted. Trading expected to commence on ASX on next Trading Day
16 May 2014	Mailing date of holding statements	Holding statements are sent to Shareholders

* Broken Hill Prospecting Limited reserves the right to alter the key dates.

Defined words and expressions used in this booklet are capitalised - see the Glossary (on page 12) for their definition.

QUESTIONS AND ANSWERS

What is the Share Purchase Plan (SPP)?

The SPP allows Eligible Shareholders to apply for additional Shares in Broken Hill Prospecting Limited (“BPL”) without incurring brokerage or other transaction costs. All Shares issued under the SPP will be of the same class and rank equally with all existing fully paid ordinary Shares and, on issue, will carry the same voting rights and other entitlements.

Why is Broken Hill Prospecting Limited issuing more Shares?

Background

BPL listed on the ASX and raised A\$4.5 million in February 2011. The funds were effectively used to add considerable value through increasing the size of the known cobalt-pyrite resources. At the time of listing in early 2011 the project contained an estimated 15 million tonnes of 2.1 pounds per tonne cobalt as an Inferred Mineral Resource. BPL’s exploration since listing has more than doubled this estimate to 35.7Mt of 1.85 pounds per tonne cobalt and has also added potential for another 37-59Mt of similar grade.

In addition, field work during the last three years has shown that mapped mineralised outcrops extend for over 10 kilometres in the Company’s tenements and less than a quarter of this trend has been drill tested. The mineralisation also extends beneath 270m depth in the deepest test drill hole. Clearly, the deposit is shaping to be of world-class size and may represent one of the world’s largest undeveloped cobalt resources without nickel or copper bi-product.

BPL is evaluating opportunities to establish a sulphuric acid industry with cobalt-pyrite concentrate from BPL’s deposits as a feed source for a pyrite roast plant. There is a growing east Australia market for sulphuric acid and this is likely to expand with increasing growth of industries which require sulphuric acid for processing. These include developing mineral sand (ilmenite) processing, rare earth metals deposits, phosphate fertiliser resources, nickel, copper, and uranium mining and chemical industries. Many new project developments can be limited by sulphuric acid supply as well as unreliable and costly freight, and vagaries of off-shore acid and sulphur sourcing, distribution, and storage. BPL’s cobalt-pyrite deposits are particularly well suited to acid production as they contain negligible deleterious metals, are very large and are well located for cost effective open-cut development.

BPL has proposed several process options for future development of the cobalt-pyrite resources and production of sulphuric acid. Following mining and concentration of the cobalt-pyrite ore a pyrite roast/sulphuric acid facility could be constructed at a favourable location for acid customers. This could be situated at the future mine site or at Broken Hill. Other acid plant locations could include mid-west NSW (e.g. Dubbo) or in central Northern Territory where undeveloped phosphate and rare earth deposits could benefit from local sulphuric acid production.

Cobalt will be retained in the ash/cinder after the pyrite roast process and this could be recovered by a solvent extraction/electrowinning process either at the mine site, at the pyrite roast plant or the cobalt ash could be on-sold for processing. After the cobalt has been extracted the fine-grained iron (hematite) residue may be saleable to steel or cement producers.

Use of Funds

Funds raised under the SPP will provide working capital to assist BPL to advance metallurgical and scoping studies in order to help attract an established chemical company to participate in the proposed sulphuric acid and cobalt extraction business.

BPL has commenced various discussions to provide metallurgical and engineering expertise to examine aspects of ore processing including concentration of the cobalt-pyrite ore, roasting of the concentrate and solvent extraction/electrowinning processes for recovering cobalt. Several commercial laboratories as well as both the University of South Australia and the CSIRO have expressed interest in helping with these studies. Some of the expenses for this work will be funded by SPP subscriptions.

BPL is undertaking economic studies and building a variety of business models for various processing scenarios for the ore. These studies include of evaluation of sulphuric acid markets and identification of potential customers and partners for each process option. Some of the capital raised by the SPP will support this work.

Do I have to participate in the SPP?

No - participation is entirely voluntary. Before you apply for Shares under the SPP, we recommend that you seek independent financial advice from your financial adviser.

Can I participate in the SPP?

You are eligible to participate in the offer under the SPP if (such persons being “**Eligible Shareholders**”):

- You were registered as a holder of Shares at 7.00pm (Australian Eastern Standard Time) on 1 April 2014 (the “**Record Date**”);
- Your registered address on the Share register is in Australia or New Zealand, provided that you do not hold Shares on behalf of another person who resides outside New Zealand or Australia. For the avoidance of doubt, no U.S. Person (as defined in Regulation S under the US Securities Act of 1993) can participate in the Offer.

Broken Hill Prospecting Limited has decided that the SPP is not available to Shareholders who are not resident in Australia or New Zealand so as to avoid the risk of breaching laws in the relevant jurisdictions. BPL, in making this decision, has taken into account the small number of overseas Shareholders not resident in Australia or New Zealand.

If you are a Custodian, or you hold shares through a Custodian, please read paragraphs 3.4 and 3.5 of the SPP Terms and Conditions.

How much can I invest under the SPP?

The amount you may invest under the SPP is limited. Eligible Shareholders may elect to apply for one of the following four Parcels of Shares:

- A\$15,000 equivalent to 333,333 shares
- A\$10,000 equivalent to 222,222 shares
- A\$5,000 equivalent to 111,111 shares
- A\$2,000 equivalent to 44,444 shares

If you receive more than one copy of this booklet, or if you hold Shares in more than one capacity (e.g., because you are both a sole and joint holder of Shares), the total aggregate value of the Parcel that you may apply for in all capacities is A\$15,000. By applying to purchase Shares under the SPP, you give the certification set out in the terms and conditions of the SPP and the Application Form. Custodians that hold Shares on behalf of one or more beneficial owners may apply for Shares to the value of up to A\$15,000 on behalf of beneficial owners who are New Zealand or Australian residents, provided that they comply with certain certification requirements and other conditions set out in the terms and conditions of the SPP.

For this purpose, in summary, a Custodian is a trustee company, nominee, or bare trustee that is permitted to act as custodian under applicable laws. In particular, Custodians in Australia may need to satisfy the financial services licensing requirements described in the glossary under the definition of “Custodian”.

The offer set out under the SPP is made to the Custodian as the registered holder (not the beneficiary directly). This means it is at the discretion of the Custodian whether to extend the offer to their beneficiaries.

Joint holders are treated as a single Shareholder under the SPP and together can only make one application up to a maximum of A\$15,000. If you own Shares through a trustee or Custodian and also own Shares in your own name, then you may either purchase Shares yourself or instruct your trustee or Custodian to purchase Shares on your behalf, up to a maximum aggregate amount of A\$15,000;.

The offer is non-renounceable, so you cannot transfer your right to purchase Shares under the SPP to anyone else.

Why are investments limited to the maximum subscription amount of A\$15,000?

The offer under the SPP must comply with securities laws and regulatory requirements applicable in Australia and New Zealand and the conditions imposed by ASX and the ASIC. Under these laws, the maximum amount that Eligible Subscribers may elect to invest is A\$15,000.

What is the Issue Price of the Shares under the SPP?

The Issue Price is A\$0.045 (4.5 Australian cents), being a discount of 8.2% from the last closing price and a discount of 3.9% from the Volume Weighted Average Share Price of BPL ordinary shares traded on the ASX in the 3 Trading Days, prior to the Record Date. The number of shares to be issued will be the subscription amount divided by the Issue Price.

The Issue Price was determined on the Record Date and the procedure used to determine the Issue Price was to calculate the Volume Weighted Average Share Price of BPL ordinary shares as described above and apply a discount considered appropriate by the board.

What are the risks of investing in the SPP?

The market price of BPL Shares may rise or fall between the date of this offer and the date when Shares issued under the SPP are allotted to you. As a result, the Issue Price you pay for Shares issued to you under the SPP may exceed the prevailing market price of BPL Shares trading on the ASX. In other words, the value of the Shares issued to you under the SPP may be, at the time of issue, lower than the Issue Price.

There can be no certainty that BPL Shares will trade at or above the Issue Price following the issue of the Shares under the SPP. Accordingly, you should seek your own financial advice in relation to this offer and your participation in the SPP.

How do I apply for Shares under the SPP?

If you wish to participate in the SPP, follow the step-by-step instructions set out on the enclosed personalised Application Form.

You can apply by either:

- making payment by BPAY® on the internet. **If you choose this form of payment you are not required to submit an Application Form.** New Zealand-based Eligible Shareholders cannot pay using BPAY® unless they have an Australian bank account; or
- completing and returning the enclosed Application Form with your cheque, bank draft or money order made payable to "Broken Hill Prospecting Limited" to the share registry, Computershare Investor Services Limited, as per the instructions on the Application Form. Cash is not accepted.

Payments must be made in Australian dollars. Receipts for payment will not be issued.

Your application must be received no later than 5.00pm (Sydney time) on 6 May 2014 (unless extended).

You will not be able to withdraw or revoke your application once you have sent it in.

Share Registry
Computershare Investor Services Limited

GPO Box 2987
Adelaide
South Australia 5001, Australia

Phone: 1300 556 161 (within Australia)
(+61 3) 9415 4000 (outside Australia)

How long is the SPP open?

The SPP opens on 8 April 2014 and is expected to close at 5.00pm (Sydney time) on the Closing Date of 6 May 2014 unless extended.

If lodging by mail, please allow adequate time for mail deliveries. Applications received after the Closing Date will not be accepted.

When will I receive my Shares?

You will receive Shares issued to you under the SPP on the Allotment Date, which is currently expected to be 13 May 2014

A statement confirming the number of Shares issued to you under the SPP will be sent on or around 16 May 2014.

How many Shares will I receive?

In accordance with Exception 15 of ASX Listing Rule 7.2 BPL may issue up to 30% of the number of fully paid ordinary shares already on issue under the Plan without Shareholder approval provided certain conditions are met. Given the number of Shareholders in New Zealand and Australia it is possible to receive applications under the plan for more than 30% of the number of fully paid shares already on issue. Accordingly, BPL reserves the right to scale back applications by reducing the number of Shares allocated to each applicant in its absolute discretion.

BPL may scale applications to the extent and in any manner that it sees fit. If the scaling back produces fractional entitlements, those fractional entitlements will be rounded down to the nearest whole number of Shares.

If there is a scale back, the difference between the application moneys received from you, and the number of Shares allocated to you multiplied by the Issue Price, will be refunded by the Company following allotment.

Are there any limitations for New Zealand Shareholders?

The offer in New Zealand is being made under the "small offers" exclusion in clause 12 of Schedule 1 of the Financial Markets Conduct Act 2013 (NZ). Accordingly, BPL will only accept applications from up to 20 New Zealand shareholders (with joint shareholders being treated as one shareholder for these purposes). BPL will process these applications on a "first come first served" basis. Once the 20th application is received any subsequent applications will be returned to the sender.

When will the Shares be quoted?

Shares issued under the SPP will be quoted on the ASX, and are expected to commence trading on the Trading Day after the Allotment Date (which will be 13 May 2014 based on the current timetable). ASX accepts no responsibility for any statement in this booklet, the SPP Terms and Conditions or in the Application Form.

Further assistance

If you have any questions, please contact your financial adviser before making an investment.

If you have any questions in respect of the SPP, please contact the contact the Share Registry on 1300 556 161 (within Australia) or (+61 3) 9415 4000 (outside Australia)

TERMS AND CONDITIONS

IMPORTANT NOTICE:

If you apply to participate in the SPP, you are accepting the risk that the market price of the Shares may change between the Record Date, the date at which you send in an Application Form or make a BPAY® payment and the Allotment Date. This means that it is possible that up to or after the Allotment Date, you may be able to acquire Shares at a lower price than the Issue Price.

For shareholders that have an address in New Zealand, BPL can only accept the first 20 applications received on a “first come first served basis”.

The information contained in these terms and conditions, the SPP and the Application Form does not constitute financial advice and does not take into consideration the investment objectives or other particular needs of individuals. We encourage you to seek your own financial advice regarding your participation in the SPP.

Defined words and expressions used in this booklet are capitalised – see the Glossary for their definition.

These Terms and Conditions set out the terms and conditions of the offer made pursuant to the SPP.

WARNING STATEMENT FOR NEW ZEALAND SHAREHOLDERS:

You are being offered Shares in Broken Hill Prospecting Limited.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

The usual rules do not apply to this offer because it is a small offer. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

1 Offer timetable

- 1.1 This offer is dated, and taken to be made on, 2 April 2014.
- 1.2 The offer opens on the Opening Date, being 8 April 2014.
- 1.3 The offer closes at 5.00pm (Sydney time) on the Closing Date, being 6 May 2014, unless extended. Applications Forms and cheques or money orders may not be processed or considered valid if they have not been received by BPL at this time. Payments by BPAY must be received by 5.00pm (Sydney time) on the Closing Date.
- 1.4 The Issue Price is 4.5 cents of Australian dollar.
- 1.5 The Shares are proposed to be allotted on the Allotment Date, being 13 May 2014.
- 1.6 BPL expects the Shares will commence trading on the ASX on the Trading Day after the Allotment Date.
- 1.7 BPL expects that a transaction confirmation will be mailed to you on or around 16 May 2014.
- 1.8 BPL has a discretion to change, at any time, any of the Closing Date, the Allotment Date and the mailing date (notwithstanding that the offer has opened or Application Forms have been received) by lodging a revised timetable with ASX.
- 1.9 Any Shares that are not issued under the SPP may be issued by BPL to such persons and in such manner as the Board considers equitable and in the interests of BPL, provided that the price and terms and conditions of the issue are not materially more favourable to the offerees than those offered under the SPP.

2 Eligible Shareholders

- 2.1 You may participate in the SPP if you are an Eligible Shareholder.
- 2.2 Joint holders of Shares are taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder and the certification on the Application Form is taken to have been given by all of them.
- 2.3 If you are an Eligible Shareholder, your rights under this offer are personal to you and non-renounceable, so you may not transfer them.

3 Applications for Parcels of Shares

Limitations on applications

- 3.1 Subject to clause 3.4, if you are an Eligible Shareholder you may apply for Shares to the value of the Parcel that you specify on your Application Form, up to the Maximum Subscription Amount A\$15,000. Eligible Shareholders who receive more than one offer under the SPP (for example, because they hold Shares in more than one capacity) may apply on different Application Forms for more than one Parcel, but may not, subject to clause 3.4, apply for Shares with an aggregate value of more than the Maximum Subscription Amount.
- 3.2 The total issue price of all Shares issued by BPL to an Eligible Shareholder under the SPP or any similar arrangement in the 12 months prior to and including the date of an application for Shares under the SPP (as if Shares up to the value of the Parcel applied for in this SPP were issued and whether the Shares are issued through any Custodian or to the Eligible Shareholder in his or her own right) must not exceed the Maximum Subscription Amount. This limit applies only to Shares issued by BPL under this SPP (since there has been no other similar arrangement in the last 12 months) and does not include any Shares the Eligible Shareholder may have acquired on the ASX.
- 3.3 Eligible Shareholders certify as required by ASIC Class Order 09/425 and as set out in the Application Form, that the total of the application price does not exceed A\$15,000 calculated by aggregating:
 - (a) the total Shares applied for under the SPP; and
 - (b) any other Shares issued under the SPP or any similar arrangement in the last 12 months; and
 - (c) any other Shares which the Eligible Shareholder has instructed a Custodian to acquire on their behalf under the SPP; and
 - (d) any other Shares issued to a Custodian in the 12 months before the date of this application as a result of an instruction given to the Custodian to apply for Shares on their behalf under an arrangement similar to the SPP.

Custodians

- 3.4 Custodians may apply for Shares for greater than the Maximum Subscription Amount but only up to the total value of Shares applied for by each beneficial owner (who must be either New Zealand resident or Australian resident) for which the Custodian acts as a custodian. Custodians must confirm to BPL that they are holding shares as a custodian for that beneficial holder by providing the written certification to BPL as described in clause 3.5 below and set out in the Application Form. Each such beneficial owner may only direct the Custodian to apply on behalf of that beneficial owner for Parcels up to the value of Maximum Subscription Amount (subject to clause 3.5).
- 3.5 The total issue price of all Shares issued directly or indirectly by BPL to a beneficial owner under the SPP or any similar arrangement in the 12 months prior to and including the date of an application for Shares under the SPP (as if the Shares up to the value of the Parcel applied for through the Custodian pursuant to the SPP were issued and whether the Shares are issued through any Custodian or to the beneficial owner in his or her own right) must not exceed the Maximum Subscription Amount. This limit applies only to Shares issued by BPL under this SPP (since there has been no other similar arrangement in the last 12 months) and does not include any Shares the beneficial owner may have acquired on the ASX or through a rights offer. If a Custodian applies for Shares pursuant to clause 3.4, the Custodian must certify (among other things) the following to BPL in the form required by ASIC Class Order 09/425 as set out in the Application Form:
 - (a) that the Custodian holds Shares directly or indirectly as a custodian for beneficial owners;

- (b) the number of those beneficial owners;
- (c) the name and address of each of those beneficial owners;
- (d) in respect of each of those beneficial owners, the number of Shares that the Custodian holds on their behalf;
- (e) that each beneficial owner has a registered address in New Zealand or Australia;
- (f) in respect of each of the beneficial owners, how many Shares the beneficial owner or the beneficial owner's agent has instructed the Custodian to apply for on behalf of that beneficial owner;
- (g) that the Custodian undertakes not to accept on behalf of any of those beneficial owners on whose behalf it holds Shares, in any 12 month period, Shares under the SPP or any similar arrangement the total issue price of which is more than A\$15,000;
- (h) that the beneficial owner on whose behalf the Custodian is submitting an application is not making an application as an Eligible Shareholder for Shares under the SPP, and no other Custodian is submitting an application under the SPP for that beneficial owner; and
- (i) that there are no participating beneficiaries in respect of which the total of the application price for the following exceeds A\$15,000:
 - (i) the Shares applied for by the Custodian on their behalf under the SPP;
 - (ii) any other Shares in the class issued to the Custodian in the 12 months before the application as a result of an instruction given by them to the Custodian to apply for Shares on their behalf under an arrangement similar to the SPP.

Custodians must request a Custodian Certificate when making an application on behalf of Beneficiaries. To request a Custodian Certificate or further information about the Custodian application process, you should contact the Share Registry on 1300 556 161 (within Australia) or + 61 3 9415 4000 (for outside Australia). Applications received from Custodians must be accompanied by a duly completed and signed Custodian Certificate

Rounding

- 3.6 The Parcels (including those to be issued to Custodians) are subject to rounding (see Part 5 below).

Completing the Application Form and paying for Shares

- 3.7 If you wish to participate in the SPP, you must either make a BPAY payment or complete the Application Form and pay, in accordance with the instructions on the Application Form.

BPL's discretions regarding applications

- 3.8 BPL has complete discretion to accept or reject your application for Shares under the SPP, including (without limitation) if:
- (a) your Application Form is incorrectly completed or incomplete or otherwise determined by BPL to be invalid; or
 - (b) your cheque is dishonoured or has not been completed correctly; or
 - (c) the cheque or money order that you enclose with your Application Form is not made out for the exact amount of the Parcel that you have selected on the Application Form; or
 - (d) you are applying for more than the Maximum Subscription Amount (in aggregate) of Shares (except if you are a Custodian applying on behalf of more than one beneficial owner in accordance with clause 3.3); or
 - (e) you are applying for Shares as a Custodian on behalf of any beneficial owner under the SPP the total issue price of which is more than the Maximum Subscription Amount; or

- (f) your Application Form is received after the Closing Date. While BPL has discretion to accept late Application Forms and cheques or money orders, there is no assurance that it will do so. Late Application Forms and cheques or money orders, if not processed, will be returned to you at your registered address; or
- (g) BPL believes that you are not an Eligible Shareholder; or
- (h) BPL considers that your application does not comply with these Terms and Conditions.

Interest

3.9 No interest will be paid on any application money returned to you.

Significance of sending in an application

3.10 By submitting a BPAY payment or by completing and returning the Application Form:

- (a) your application, on these Terms and Conditions, will be irrevocable and unconditional (it cannot be withdrawn);
- (b) you certify to BPL that you are an Eligible Shareholder entitled to apply for Shares under these Terms and Conditions;
- (c) you agree to be bound by the constitution of BPL;
- (d) you certify to BPL that you are not applying for Shares with an aggregate application price in excess of the lesser of A\$15,000 under the SPP (including applications made through a Custodian) even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP and the total issue price of those Shares for which you are applying, if issued, together with the total issue price of all and any other Shares applied for by you under the SPP or any similar arrangement and issued by BPL to you in the 12 months prior to and including the date of the application for Shares under the SPP will not exceed A\$15,000 (excluding any Shares you may have acquired in that period on the ASX or under any rights offer);
- (e) you authorise BPL (and its officers or agents) to correct any error in, or omission from, your Application Form and to complete the Application Form by the insertion of any missing details;
- (f) you acknowledge that BPL may at any time irrevocably determine that your Application Form is valid, in accordance with these Terms and Conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (g) you accept the risk associated with any refund that may be mailed to you by cheque to your address shown on BPL's share register;
- (h) you consent to not being refunded any excess of your application monies over the value of the Shares you are issued due to rounding under Part 5 below;
- (i) you agree to indemnify BPL for, and to pay to BPL within five Business Days of demand, any dishonour fees or other costs BPL may incur in presenting a cheque for payment which is dishonoured;
- (j) you acknowledge that none of BPL, its advisors or agents has provided you with investment advice or financial product advice, and that none of them has an obligation to provide advice concerning your decision to apply for and subscribe for Shares;
- (k) you acknowledge the risk that the market price for the Shares may change between the Offer Date, the date you apply for Shares under the SPP and the Allotment Date;
- (l) you acknowledge that BPL may disclose any information in or relating to your application and accompanying cheque or money order to Computershare Investor Services Limited and Computershare Investor Services Pty Limited in connection with their management of the SPP;

- (m) you acknowledge that BPL is not liable for any exercise of its discretions referred to in these Terms and Conditions; and
- (n) you irrevocably and unconditionally agree to these Terms and Conditions and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the SPP.

If a Custodian applies for Shares for a beneficial owner pursuant to clause 3.3, the certification referred to in clause 3.10(d) will be taken to be given by both the Custodian and the beneficial owner on whose behalf the Custodian is applying for Shares.

4 Issue Price

You agree to pay the Issue Price per Share up to a maximum of the Parcel you have selected on the Application Form.

5 Rounding of Shares and scaling

- 5.1 If you apply for Shares under the SPP, the number of Shares you receive will be determined by dividing the value of the Parcel you have applied for by the Issue Price. If this calculation produces a fractional number, the number of Shares you will be allotted will be rounded down to the nearest whole number of Shares.
- 5.2 If the number of Shares you are allotted is rounded down, your application monies will be slightly greater than the value of the Shares you are allotted. The excess amount per application will always be less than the Issue Price for one Share.
- 5.3 The SPP is for a maximum number of Shares of 24,774,570 (being 30% of the 82,581,900 Shares currently on issue). If valid applications are received for a number of Shares which exceeds this number, then we may scale applications at BPL absolute discretion.
- 5.4 Any refunds of application monies (including under paragraph 3.7) will be without interest by cheque forwarded to you on or before the mailing date.

6 The Shares

- 6.1 Shares issued under the SPP will rank equally with, and have the same voting rights, dividend rights and other entitlements as, existing fully paid Shares quoted on the ASX.
- 6.2 BPL currently has a policy of not paying dividends and the Directors are unable to predict when any dividend may be paid in the future. This will depend on a number of factors including the future success, profitability and financial position of BPL.
- 6.3 BPL will apply for the Shares to be quoted on the ASX, with effect on or shortly after the Allotment Date. You cannot trade in any Shares issued to you pursuant to the SPP, either as principal or agent, until official quotation on the ASX in accordance with the Listing Rules. BPL expects the Shares will commence trading on the ASX on the Trading Day after the Allotment Date (that is, on 13 May 2014 on the current timetable). ASX accepts no responsibility for any statement in this booklet, the SPP Terms and Conditions or in the Application Form.

7 Financial Statements

You may obtain free of charge the most recent annual report and financial statements of BPL by contacting BPL, or you may download the reports from the BPL website www.bhpl.biz

8 No Underwriting of the Offer

The SPP is not subject to any underwriting arrangement.

9 Amendments to the Offer and waiver of compliance

- 9.1 BPL will not change these Terms and Conditions (subject to its discretion to revise the timetable under clause 1.8 and subject to clause 9.2 below). However, BPL reserves the right to waive compliance with any provision of these Terms and Conditions. If BPL waives compliance with any provision of these Terms and Conditions, that waiver may, if so expressed, apply to all Eligible Shareholders.
- 9.2 BPL reserves the right to, in its absolute discretion, modify, suspend, withdraw, terminate or correct the offer and the SPP, at any time. BPL will notify the ASX if it does so modify, suspend, withdraw, terminate or correct the offer or the SPP.

9.3 BPL may issue fewer Shares than an Eligible Shareholder applies for under this offer (or none at all) if BPL believes that issuing those Shares would break any law or any of the Listing Rules.

10 Interpretation of Documents

In the event of any conflict between these Terms and Conditions (including the Glossary) and the accompanying letter and Questions and Answers and the Application Form, these Terms and Conditions will take precedence.

11 Governing Law

These Terms and Conditions are governed by, and are to be construed in accordance with, the laws of New Zealand, ASIC and the ASX Listing Rules.

12 Dispute Resolution

If any dispute arises in connection with the SPP, BPL may settle it in any manner it thinks fit. It may do so generally or in relation to any particular participant, application or Shares. BPL's decision will be final and binding.

13 Inconsistency

Unless otherwise determined by the directors of BPL, in the event of any inconsistency between the terms and conditions of the SPP and BPL's constitution, BPL's constitution shall prevail.

14 Limitations for New Zealand Shareholders

The offer in New Zealand is being made under the "small offers" exclusion in clause 12 of Schedule 1 of the Financial Markets Conduct Act 2013 (NZ). Accordingly, BPL will only accept applications from up to 20 New Zealand shareholders (with joint shareholders being treated as one shareholder for these purposes). BPL will process these applications on a "first come first served" basis. Once the 20th application is received any subsequent applications will be returned to the sender.

GLOSSARY

Allotment Date	13 May 2014, unless extended.
Application Form	The personalised application form relating to the SPP that you received with this booklet, including the instructions on the reverse of the form.
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
A\$	Australian dollar (AUD)
BPL	Broken Hill Prospecting Limited (ARBN 003 453 503).
Business Day	A business day as defined in the Listing Rules.
Closing Date	6 May 2014 at 5:00pm Sydney time, unless extended.
Custodian	<p>Custodian means a person that:</p> <ul style="list-style-type: none"> a. is a trustee corporation or a nominee company and holds Shares by reason only of acting for another person in the ordinary course of business of that trustee corporation or nominee company; or b. otherwise holds Shares by reason only that the person is a bare trustee of a trust to which the Shares are subject, and is permitted to operate as a custodian under all relevant laws. In the case of custodians that have a registered address in Australia, the custodian must: <ul style="list-style-type: none"> i. hold an Australian financial services license that covers the provision of a custodial or depositary service or includes a condition requiring the holder to comply with the requirements of ASIC Class Order [CO02/294]; or ii. be exempt under paragraph 7.6.01(1)(k) of the Corporations Regulations 2001 or ASIC Class Order [CO 05/1270] to the extent that it relates to ASIC Class Order [CO 03/184], from the requirement to hold an Australia financial services license for the provision of a custodial or depositary service.
Eligible Shareholder	A person who, at 7pm (Sydney time) on the Record Date, was recorded in BPL's share register as being a registered holder of Shares and having an address in New Zealand or Australia, unless that person holds Shares on behalf of another person who resides outside New Zealand or Australia. For the avoidance of doubt, no U.S. person (as defined in Regulation S under the US Securities Act of 1933) will be regarded as an Eligible Shareholder.
Issue Price	A\$ 0.045 (or 4.5 Australian cents)
Listing Rules	The listing rules of the ASX.
Maximum Subscription Amount	The maximum aggregate dollar amount of Shares, at the Issue Price, that you may apply for under the SPP, being A\$15,000 as reported under paragraph 3.7.
Opening Date	8 April 2014.

Parcel	<p>One of the following four Parcels of Shares:</p> <ul style="list-style-type: none"> • A\$15,000 equivalent to 333,333 shares • A\$10,000 equivalent to 222,222 shares • A\$5,000 equivalent to 111,111 shares • A\$2,000 equivalent to 44,444 shares
Record Date	1 April 2014.
Shares	Fully paid ordinary shares in BPL.
Shareholder	A registered holder of Shares.
SPP	The Share Purchase Plan detailed in this booklet.
Trading Day	A full day on which the Shares are quoted, and not suspended from quotation or made subject to a trading halt on the ASX. A day on which the ASX is closed or on which trading is suspended is not a Trading Day.
Volume Weighted Average Share Price	The volume weighted average share price of BPL ordinary shares traded on the ASX over 3 trading days prior to record date.

DIRECTORY

Registered Office

541 Parnell Road
Parnell
Auckland, New Zealand

Australian Office

Level 14 52 Phillip Street
Sydney NSW 2000 Australia

Box 3486 GPO
SYDNEY NSW 2001

Phone: (+61 2) 9252 5300

Fax: (+61 2) 9252 8400

Email: info@bhpl.biz

Share Registry

Computershare Investor Services Pty Limited
GPO Box 2987
Adelaide
South Australia 5001, Australia

Phone: 1300 556 161 (within Australia)

(+61 3) 9415 4000 (outside Australia)

These materials do not constitute an offer of securities for sale in the United States or to "U.S. persons" (as defined in Regulation S under the U.S. Securities Act 1933, as amended (the U.S. Securities Act)) (U.S. Persons) and may not be sent or disseminated, directly or indirectly, in the United States or to any U.S. Person in any place. BPL Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States.

Broken Hill PROSPECTING

Broken Hill Prospecting Limited
ARBN 003 453 503

For all enquiries:

Phone:
 (within Australia) 1300 556 161
(outside Australia) 61 3 9415 4000

Web:
 www.investorcentre.com/contact



┌ 000001 000 BPL
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:

 See over for details of the Offer and how to make your payment

Share Purchase Plan Application Form

 **Your payment must be received by 5:00pm (AEST) Tuesday 6 May 2014**

This is an important document that requires your immediate attention.

It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

By making payment you agree to be bound by the Constitution of Broken Hill Prospecting Limited and that the submission of this payment constitutes an irrevocable offer by you to subscribe for Broken Hill Prospecting Limited shares on the terms of the Share Purchase Plan (SPP).

In addition, by submitting the slip below or by making a BPAY payment for this SPP you certify that the aggregate of the application price paid by you for:

- the shares the subject of the slip below; and
- any other shares and interests in the class applied for by you under the SPP or any similar arrangement in the 12 months prior to the date of submission of the slip below does not exceed A\$15,000.

Broken Hill Prospecting Limited may make determinations in any manner it thinks fit, in relation to any difficulties which may arise in connection with the SPP whether generally or in relation to any participant or application.

Any determinations by Broken Hill Prospecting Limited will be conclusive and binding on all eligible shareholders and other persons to whom the determination relates. Broken Hill Prospecting Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions or to suspend or terminate the SPP at any time. Any such amendment, suspension or termination will be binding on all eligible shareholders even where Broken Hill Prospecting Limited does not notify you of that event.

Step 1: Registration Name

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

Note that shares may be subject to purchase of the minimum value and not exceeding the maximum value. Note that the amount chosen may be subject to scale back in accordance with the terms of the SPP.

Choose one of the payment methods shown below.

BPAY[®]: See overleaf. Do not return the slip if you make a BPAY payment.

By Mail: Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque, money order or bank draft payable in Australian dollars to Broken Hill Prospecting Limited. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the slip below as indicated. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Broken Hill Prospecting Limited Share Purchase Plan Application Form
Payment must be received by 5:00pm (AEST) Tuesday 6 May 2014

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Share Purchase Plan Application Form

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I ND

STEP 1 Registration Name & Offer Details

 For your security keep your SRN/
HIN confidential.

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Entitlement No: 12345678

Offer Details: Record date: **1 April 2014**

Minimum value available to purchase: **A\$2,000**

Maximum value available to purchase: **A\$15,000**

STEP 2 Make Your Payment



Bill Code: 230219
Ref No: 1234 5678 9123 4567 89

Pay by Mail:

 Make your cheque, money order or bank draft payable to Broken Hill Prospecting Limited.

Return your cheque with the below slip to:
Computershare Investor Services Pty Limited
GPO BOX 2987 Adelaide South Australia 5001 Australia

Contact your financial institution to make your payment from your cheque or savings account.

Lodgement of Acceptance

If you are applying for shares and your payment is being made by BPAY®, you do not need to return the slip below. Your payment must be received by no later than 5:00pm (AEST) Tuesday 6 May 2014. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Broken Hill Prospecting Limited accepts any responsibility for loss incurred through incorrectly completed BPAY® payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY® are received by this time.

If you are paying by cheque, bank draft or money order the slip below must be received by CIS by no later than 5:00pm (AEST) Tuesday 6 May 2014. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the slip below with cheque attached. Neither CIS nor the Company accepts any responsibility if you lodge the slip below at any other address or by any other means.

Privacy Statement

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Detach here

Purchase Details for Broken Hill Prospecting Limited (choose one option)

A\$2,000 or 44,444 Shares OR A\$5,000 or 111,111 Shares OR A\$10,000 or 222,222 Shares

A\$15,000 or 333,333 Shares



Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Payment must be received by 5:00pm (AEST) Tuesday 6 May 2014

Contact Details

Contact Name _____ Daytime Telephone _____

Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

123456789123456789+000000001-5002+15