

17 December 2019

Dear Shareholder,

BROKEN HILL PROSPECTING LIMITED – Pro-Rata Renounceable Rights Issue

As announced on 9 December 2019, Broken Hill Prospecting Limited ARBN 003 453 503 (ASX:BPL) ('the Company' or 'BPL') is proposing to undertake a pro rata renounceable rights issue (the "Offer") of ordinary fully paid shares to Eligible Shareholders, being persons who are registered as shareholders of the Company on the record date of 12 December 2019 (**Record Date**) and have a registered address in Australia or New Zealand, or who are otherwise eligible under all applicable securities laws to receive an offer of shares under the Offer.

The Offer is made on the basis of one new share (New Share) for every one share held by Eligible Shareholders on 12 December 2019 (**Record Date**) at an issue price of A\$ 0.015 per New Share to raise up to approximately A\$ 2,491,251 (before expenses).

The Offer includes the issue to each Eligible Shareholder who subscribes for New Shares with one (1) Loyalty Share for every 8 New Shares successfully subscribed for and which are continuously held by the Eligible Shareholder up to and including the date which is 12 months after the date of issue of the New Shares. Each Loyalty Share will be issued for nil consideration.

In calculating entitlements under the Offer, fractions will be rounded up to the nearest whole number.

The Offer is not underwritten.

Shareholders who, at the Record Date, have an address registered in either Australia or New Zealand, or who are otherwise eligible under all applicable securities laws to receive an offer of shares under the Offer will be eligible to participate in the Offer. All other shareholders will not be eligible to participate.

New Shares issued pursuant to the Offer will rank equally with existing fully paid ordinary shares currently on issue and the Company will apply to ASX for official quotation of the New Shares.

Eligible shareholders will be entitled to apply for New Shares not otherwise taken up in the Offer at the same price of A\$ 0.015 per New Share (**Shortfall Shares**).

Use of Funds

The proceeds of the capital raise will be used for the following purposes:

- finalising the application for the expanded footprint/resource extension;
- assess upgrading the current NI 43-101 Resource estimate to JORC 2012 standards
- commencing detailed metallurgical test work programs;
- complete a Scoping Study level economic assessment for the La Paz Project during 2020; and
- meeting general corporate and capital raising costs.

Ineligible Shareholders

Shareholders who, at the Record Date, have an address registered in either Australia or New Zealand, or who are otherwise eligible under all applicable securities laws to receive an offer of shares under the Offer will be eligible to participate in the Offer. All other shareholders will not be eligible to participate.

You are **not eligible** to participate in the Offer and you will not be sent a copy of the offer document. This decision has been made pursuant to ASX Listing Rule 7.7.1(a) after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of ineligible Shareholders and the number and value of Shares to which they would otherwise be entitled.

Broken Hill

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If you have any queries concerning the Rights Issue please contact your professional adviser or Ian Morgan, the Company's company secretary on +61 2 8054 9779.

Yours sincerely,



F Creagh O'Connor

Chairman