

ASX Announcement

15 April 2014
(previously lodged on 8 April 2014)

This notice serves to clarify the following letter to Shareholders of 8th April 2014 which introduced the Share Purchase Plan. Changes to the second paragraph (below) and at the end of this announcement clarify the references to Mineral Resources and Potential of that letter.



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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). You will already have received a letter from the Chairman of BPL as well as a newsletter which outlines the timing and purpose of the plan.

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 an Inferred Mineral resource of 35.7 million tonnes of 1.85 pounds per tonne cobalt and Potential for an additional 37-59 million tonnes of 1.70-1.85 pounds per tonne cobalt has been added. This 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. A description of the Potential under the guidelines of the

Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012) is provided at the end of this letter.

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 are planning to participate.

The SPP will provide shareholders resident in Australia 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.



Dr Ian Pringle
Managing Director

Competent Person Statement

Exploration activities and results contained in this letter 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 the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Inferred Mineral Resource was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Potential is reported under JORC Code 2012. It is conceptual in nature and more drilling is required to further define it. However, there is no certainty that additional work will result in an upgrade of potential to 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.

Estimate of Potential (Exploration Target)

The estimate of Potential is based on exploration results. H&S Consultants Pty Ltd undertook a Mineral Resource Estimation (JORC 2004) for the Pyrite Hill, Big Hill and Railway cobalt-pyrite deposits with the assay and survey data collected from 66 percussion (RC) and diamond drill holes and both one and two metre sample intervals. The details of these studies are reported in ASX announcements by the Company on 14 November, 2011 and 27 July 2012.

Cross sections were constructed along the strike of the mineralisation and a model was built to define the hanging wall and footwall surfaces. Estimates were completed on blocks within the overall envelope using data from that volume. Composites were created and Inferred Resource estimates were completed using data occurring inside the mineralised envelope. The upper and lower contacts were easily identifiable from cobalt grades with the mineralisation generally corresponding to a sharp transition from low grade intervals to those above 500 ppm cobalt. The average of all composites inside the mineralised volume was 740 ppm cobalt. A specific gravity of 2.80g/cc was used.

After a 75x75x15 metres search size with between 10 and 32 two metre composites was used to estimate Inferred Resources the Potential was estimated on a search size of 150x150x30 metres designed to largely fill the modelled mineralised volume with cobalt estimates. Ordinary kriging based on two different resource estimation software packages was used.

Potential mineralisation lies outside of the Inferred Mineral Resource because of the absence of nearby drilling. By extending the search distance within the 3D mineralisation the model target size is between 37Mt and 59Mt at a grade between 1.70 – 1.85 pound per tonne cobalt. This target is approximate and conceptual in nature and more drilling is required to further define it. There is no certainty that this will result in a Mineral Resource.

Proposed exploration activities to test the Potential

The Company proposes to undertake close-spaced drilling of the areas defined as Potential and the planned drill holes will be spaced at about 50 metre centres and drilled to an average depth of approximately 150 metres. This drilling is planned during late 2014 and 2015 after the Company secures funding or a partner to assist with the work. Metallurgical test-work, mapping and outcrop sampling from throughout the deposits prior to the drilling will assist in locating future drill site locations.