



Broken Hill Prospecting Limited
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ASX Code: BPL

Shareholders,
Broken Hill Prospecting Ltd

4 July 2016

Dear Shareholder,

SHARE PURCHASE PLAN

Broken Hill Prospecting Limited (BPL) announced on the 24th June 2016 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).

The SPP will provide eligible shareholders resident in Australia with the opportunity to subscribe for new shares at an issue price of A\$0.081 (8.1 cents) per share to the value of A\$2,000, A\$3,000, A\$5,000, A\$7,500, A\$12,500 or the maximum of A\$15,000. New shares can be purchased using BPAY or by cheque payment using the application form provided with this letter and the SPP.

Under New Zealand regulations the SPP can also be offered to up to 20 shareholders with registered addresses in New Zealand. The Company proposes to accept 20 applications from eligible resident New Zealand shareholders on a first received basis.

Funds raised under the SPP will be applied by the Company towards advancing the 100% owned Thackaringa Cobalt Project by:

- undertaking drilling programs in respect of its mineral resources;
- undertaking metallurgical testing programs;
- supporting marketing studies on cobalt and sulphuric acid production;
- undertaking economic studies and developing a variety of business models to explore the processing options for the ore;
- and providing the Company with working capital.

The Thackaringa Cobalt Project is strategically located 25km south-west of Broken Hill, New South Wales, adjacent to the main transcontinental railway line. Since commencing its assessment in 2011, BPL's exploration activities have more than doubled the resource to 35.7Mt at 1.85 pounds/tonne

cobalt. Mineralised outcrop within the Company's tenements extends for over 10km, with less than a quarter of this trend having been drill tested.

Cobalt is a necessary metal for the production of the latest generation, high density Lithium-ion batteries. Due to its high run-time properties, the use of cobalt has risen dramatically as portable Li-ion battery usage accelerates and electric vehicles become a reality.

The cobalt deposit at Thackaringa is contained in a pyritic rock, which adds the possibility for the co-production of sulphuric acid from any future mining activities. Sulphuric acid supply in Australia for mining and agricultural purposes is limited, and significant quantities are imported. The large, near-surface deposits at Thackaringa also make the project suitable for large-scale, open cut mining methods.

Participation in the SPP is optional and open to eligible shareholders, being holders of fully paid BPL shares at 7:00pm (AEST) on 23 June 2016 and whose address on the share register is in Australia or New Zealand. Your right to participate in the SPP is non-renounceable.

The offer under the SPP opens on Monday, 4 July 2016 and closes at 5:00pm Sydney time on Tuesday, 2 August 2016. Allotment of new shares under the SPP is expected to occur on Tuesday, 9 August 2016.

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



Anthony (Trangie) Johnston
Chief Executive Officer

Competent Person Statement in respect of this letter and the SPP offer document

The global Inferred Resource Estimate of 35.7Mt at 1.85lb/t (841ppm) cobalt (at a 500ppm Co cut-off) is as released on 27 July 2012 under JORC 2004 and comprises the following:

- *Railway Deposit
 - 14.9Mt at 1.83lb/t (831ppm) (at a 500ppm Co cut-off and as released 27 July 2012 under JORC 2004)*
- *Pyrite Hill Deposit
 - 16.4Mt at 1.83lb/t (830ppm) (at a 500ppm Co cut-off and as released 14 November 2011 under JORC 2004)*
- *Big Hill Deposit
 - 4.4Mt at 2.00lb/t (910ppm) (at a 500ppm Co cut-off and as released 12 November 2010 under JORC 2004)*

The global conceptual exploration target of 37-59Mt at 600-900ppm cobalt is as released on 27 July 2012 under JORC 2004 and comprises the following:

- *Railway Deposit Conceptual Exploration Target*
 - *23Mt - 35Mt at 600ppm - 900ppm Co (as released 27 July 2012)*
- *Pyrite Hill Deposit Conceptual Exploration Target*
 - *14Mt - 24Mt at 700ppm - 900ppm Co (as released 14 November 2011)*

The potential quantity and grade of these targets is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in determination of a Mineral Resource.

Exploration activities and results contained in this document are based on information compiled by Dr Ian Pringle, a Member of the Australasian Institute of Mining and Metallurgy. Dr Pringle is a Director of Ian J Pringle & Associates Pty Ltd, a consultancy company in minerals exploration. Dr Pringle is the former managing director of BPL (resigned in April 2016). 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 estimates and conceptual exploration targets, referred to in this document were prepared and first disclosed under the JORC Code 2004. These Mineral Resource estimates and conceptual exploration targets have not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported. 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

ARBN 003 453 503

Share Purchase Plan

4 July 2016

Warning Statement for New Zealand Shareholders:

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

New Zealand law requires an issuer who offers financial products to give certain information to investors before they invest to enable investors to make an informed decision unless an exemption applies.

An exemption applies to the offer under this Share Purchase Plan because it is a small offer. As a result, you may not be given all the information usually required for disclosure in an offer document. 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*

23 June 2016	Record Date	Date on which BPL determined the Eligible Shareholders
24 June 2016	Announcement Date	Date of the Announcement of the Share Purchase Plan
4 July 2016	Opening Date	Share Purchase Plan opens
2 August 2016	Closing Date	Share Purchase Plan closes. Applications must be received by 5:00pm Sydney Time
9 August 2016	Allotment Date	Shares allotted. Trading expected to commence on ASX on next Trading Day

* Broken Hill Prospecting Limited reserves the right to alter the timetable for the offer under the Share Purchase Plan, including the Closing Date of the offer.

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

QUESTIONS AND ANSWERS

What is the Share Purchase Plan (SPP)?

The SPP provides Eligible Shareholders with the opportunity to apply for additional Shares in Broken Hill Prospecting Limited ("BPL" or "**Company**") 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?

Funds raised under the SPP will be applied by the Company towards advancing the 100% owned Thackaringa Cobalt Project by:

- undertaking drilling programs in respect of its mineral resources;
- undertaking metallurgical testing programs;
- supporting marketing studies on cobalt and sulphuric acid production;
- undertaking economic studies and developing a variety of business models to explore the processing options for the ore; and
- providing the Company with working capital.

Further information about the Thackaringa Cobalt Project is set out below.

Background

Cobalt is a necessary metal for the production of the latest generation, high density Lithium-ion batteries. Due to its high run-time properties, the use of cobalt has risen dramatically as portable Li-ion battery usage accelerates and electric vehicles become a reality.

More than 60% of the world's cobalt production is currently sourced from the Democratic Republic of Congo (DRC). Political instability and illegal artisanal mining activities in this area has created a demand for alternate supplies. In addition, over 95% of all global cobalt production is sourced as a by-product of copper or nickel operations. A lack of alternate primary cobalt sources, which would not be impacted by low Cu or Ni prices, leaves the cobalt market highly susceptible to supply shocks. The Thackaringa Cobalt Project places the Company in a position to take advantage of these gaps in the cobalt resources industry.

Thackaringa Cobalt Project

BPL's 100% owned Thackaringa Cobalt Project is strategically located 25km south-west of Broken Hill adjacent to the main transcontinental railway line. Since listing in 2011, BPL's exploration activities have more than doubled the resource to 35.7Mt at 1.85 pounds/tonne cobalt. Mineralised outcrop within the Company's tenements extends for over 10kms, with less than a quarter of this trend having been drill tested. Currently mineralisation has been tested to 270m below the surface, with increasing cobalt grades at depth. An additional potential cobalt exploration target has been estimated to total between 37MT-59MT at similar grade. The cobalt is contained in pyritic rock, with the possibility for the co-production of sulphuric acid from any future mining activities. Sulphuric acid supply in Australia for mining and agricultural purposes is limited, and significant quantities are imported. The large, near-surface deposits at Thackaringa also make the project suitable for large-scale, open cut mining.

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 in the BPL Share register at 7.00pm (Australian Eastern Standard Time) on 23 June 2016 (the “**Record Date**”); and
- 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.

BPL has determined, taking into account the small number of overseas Shareholders, that it is not practical for holders of Shares with addresses in jurisdictions other than Australia or New Zealand to participate in the offer under the SPP.

Eligible Shareholders who hold Shares as Custodian, or through a Custodian, please refer to paragraphs 3.4 and 3.5 of the SPP Terms and Conditions.

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

The Issue Price is A\$0.081 (8.1 Australian cents), being a discount of 19% from the last closing price on the Record Date and a discount of 19.7% from the Volume Weighted Average Share Price of BPL Shares traded on the ASX in the 5 Trading Days, prior to the date the offer under the SPP was announced on the ASX (24 June 2016). The number of Shares to be issued under the SPP is calculated by dividing the subscription amount by the Issue Price.

The Issue Price was determined on 24 June 2016, being the date on which the offer under the SPP was announced on the ASX. The method used to determine the Issue Price was to calculate the Volume Weighted Average Share Price of BPL Shares in the manner described above and apply a discount considered appropriate by the board of BPL.

How much can I invest under the SPP?

The amount you may invest under the SPP is limited to a maximum of A\$15,000. Eligible Shareholders may elect to apply for one of the following six Parcels of Shares:

- A\$15,000 equivalent to 185,185 shares;
- A\$12,500 equivalent to 154,320 shares;
- A\$7,500 equivalent to 92,592 shares;
- A\$5,000 equivalent to 61,728 shares;
- A\$3,000 equivalent to 37,037 shares; or
- A\$2,000 equivalent to 24,691 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.

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. 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 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 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.

Can I transfer my rights to participate in the SPP?

The offer under the SPP is non-renounceable - therefore you cannot transfer your right to purchase Shares under the SPP to another person.

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 invest in an offer under a share purchase plan is A\$15,000.

What are the risks of investing in the SPP?

The market price of BPL Shares may rise or fall between the date of the offer under the SPP and the date when Shares issued under the SPP are allotted to you. As a result, the Issue Price you pay for Shares 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 Shares bought on-market.

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 by using the personalised reference number shown on your enclosed Application Form, which is required to identify your current shareholding. **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). By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares the subject of your payment; 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 Company's share registry, Computershare Investor Services Pty 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 2 August 2016 (unless the Closing Date is extended by the board of BPL).

Any application for less than A\$2,000 will be returned.

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

Share Registry
Computershare Investor Services Pty Limited

GPO Box 2987
Adelaide
South Australia 5001, Australia

How long is the SPP open?

The SPP opens on 4 July 2016 and is expected to close at 5:00pm (Sydney time) on the Closing Date, 2 August 2016, unless extended by the board of BPL.

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 9 August 2016

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 Shares already on issue under the SPP without Shareholder approval provided certain conditions are met.

Given the number of Shareholders in New Zealand and Australia it is possible that the Company may receive applications under the SPP for Shares comprising more than 30% of the number of 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 of Shares under the SPP.

Are there any limitations for New Zealand Shareholders?

The offer in New Zealand is being made under the “small offers” exclusion in section 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 10 August 2016 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.

Are there any costs of investing under the SPP?

No brokerage, commissions or other transaction costs are payable by Eligible Shareholders in relation to the application for, and issue of, Shares under the SPP.

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 Company on (02) 9252 5300 (within Australia) or (+61) 2 9252 5300 (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 on-market 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. Please read these Terms and Conditions carefully.

WARNING STATEMENT FOR NEW ZEALAND SHAREHOLDERS:

You are being offered Shares in BPL.

New Zealand law requires an issuer who offers financial products to give certain information to investors before they invest to enable investors to make an informed decision unless an exemption applies.

An exemption applies to the offer under this Share Purchase Plan because it is a small offer. As a result, you may not be given all the information usually required for disclosure in an offer document. 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 4 July 2016.
- 1.2 The offer opens on the Opening Date, being 4 July 2016.
- 1.3 The offer closes at 5:00pm (Sydney time) on the Closing Date, being 2 August 2016, unless extended by the board of BPL. 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. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.
- 1.4 The Shares are proposed to be allotted on the Allotment Date, being 9 August 2016.
- 1.5 BPL expects the Shares will commence trading on the ASX on the Trading Day after the Allotment Date.
- 1.6 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.

2 Eligible Shareholders

- 2.1 You may participate in the SPP if you are an Eligible Shareholder. You are an Eligible Shareholder if:
- you were registered as a holder of Shares in the BPL Share register at 7.00pm (Australian Eastern Standard Time) on 23 June 2016 (the "**Record Date**"); and
 - your registered address on the Share register is in Australia or New Zealand and you do not hold Shares on behalf of another person who resides outside New Zealand or Australia.

BPL has determined, taking into account the small number of overseas Shareholders, that it is not practical for holders of Shares with addresses in jurisdictions other than Australia or New Zealand to participate in the offer under the SPP.

- 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 section 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 of A\$15,000 ("**Maximum Subscription Amount**"). 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 section 3.4, apply for Shares with an aggregate value of more than the Maximum Subscription Amount.
- 3.2 The total 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. As BPL has not undertaken any other share purchase plan or similar arrangement in the last 12 months, this limit applies only to Shares issued by BPL under this SPP and does not include any Shares the Eligible Shareholder may have acquired on-market 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;
 - (b) any other Shares issued under another share purchase plan or any similar arrangement in the last 12 months;
 - (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) ("**Beneficiary**") for which the Custodian acts as a custodian or trustee or nominee. Custodians must confirm to BPL that they are holding shares as a custodian for that Beneficiary by providing the written certification to BPL as described in section 3.7 below and set out in the Application Form. Subject to the Custodian providing the certifications described in section 3.7, each Beneficiary may only direct the Custodian to apply on behalf of that Beneficiary for Parcels up to the value of Maximum Subscription Amount.
- 3.5 The total issue price of all Shares issued directly or indirectly by BPL to a Beneficiary under a share purchase plan 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 Beneficiary in his or her own right) must not exceed the Maximum Subscription Amount.
- 3.6 As BPL has not undertaken any other share purchase plan or similar arrangement in the last 12 months, this limit applies only to Shares issued by BPL under this SPP and does not include any Shares the Beneficiary may have acquired on-market on the ASX or through a rights offer.
- 3.7 If a Custodian applies for Shares under the SPP, 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 on behalf of one or more Beneficiaries;
 - (b) the number of Beneficiaries;
 - (c) the name and address of each Beneficiary;
 - (d) in respect of each Beneficiary, the number of Shares that the Custodian holds (directly or indirectly) on its behalf;
 - (e) that each Beneficiary has a registered address in New Zealand or Australia;
 - (f) in respect of each Beneficiary, the number of Shares (Parcel) or the A\$ value of Shares the Beneficiary or its agent has instructed the Custodian to apply for on behalf of that Beneficiary;
 - (g) in respect of each Beneficiary, that the application price for the Shares applied for on their behalf, and any other Shares applied for on their behalf under a similar arrangement in the previous 12 months (excluding Shares applied for but not issued), does not exceed A\$15,000;
 - (h) that a copy of the SPP was given to each Beneficiary; and
 - (i) where the Custodian holds Shares on behalf of a Beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

Custodians will be provided with a Custodian Certificate with these Terms and Conditions. If a Custodian does not receive a Custodian Certificate or requires further information about the Custodian application process, you should contact Computershare Investor Services Pty Limited on 1300 566 161 (within Australia) or +61 3 9415 4000 (outside Australia).

Applications received from Custodians must be accompanied by a duly completed and signed Custodian Certificate

Completing the Application Form and paying for Shares

- 3.8 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

- 3.9 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;
 - (b) your cheque is dishonoured or has not been completed correctly;
 - (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;
 - (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 Beneficiary in accordance with section 3.3); or
 - (e) you are applying for Shares as a Custodian on behalf of any Beneficiary under the SPP the total issue price of which is more than the Maximum Subscription Amount;
 - (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;
 - (g) BPL determines that you are not an Eligible Shareholder; or
 - (h) BPL considers that your application does not comply with these Terms and Conditions.

Interest

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

Significance of sending in an application

- 3.11 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-market on the ASX or under any rights offer);
 - (e) you declare that all details and statements in your application are true and complete and not misleading;
 - (f) you declare that as at the Record Date, you were recorded on the Company's share register as being a registered holder of Shares and having an address in Australia or New Zealand;
 - (g) you declare that you and each person for whose account or benefit you are acting is not in the United States and is not a U.S. Person (as defined in the US Securities Act 1933), or acting for the account of a U.S. Person;
 - (h) 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;

- (i) 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;
- (j) 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;
- (k) 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 section 5 below;
- (l) 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;
- (m) 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;
- (n) you acknowledge the risk that the market price for the Shares may change between the date of this SPP, the date you apply for Shares under the SPP and the Allotment Date;
- (o) you acknowledge that BPL may disclose any information in or relating to your application and accompanying cheque or money order to Computershare Investor Services Pty Limited in connection with their management of the SPP;
- (p) you acknowledge that BPL is not liable for any exercise of its discretions referred to in these Terms and Conditions; and
- (q) 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 Beneficiary under the SPP, the certification referred to in section 3.11(d) will be taken to be given by both the Custodian and the Beneficiary on whose behalf the Custodian is applying for Shares.

4 Issue Price

- 4.1 The Issue Price of the Shares under the SPP is A\$0.081 (8.1 Australian cents).
- 4.2 You agree to pay the Issue Price per Share up to a maximum amount 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 41,002,356 (being 30% of the 136,674,521 Shares currently on issue). If valid applications are received for a number of Shares which exceeds this number, then the board of BPL may scale back applications in its absolute discretion.
- 5.4 Any refunds of application monies under the SPP will be made without interest by cheque forwarded to your registered address as soon as practicable after the allotment of Shares.

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 Shares.
- 6.2 BPL will apply for the Shares issued under the SPP to be quoted on the ASX, with effect from 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 the Shares are officially quoted 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 10 August 2016 on the current timetable). ASX accepts no responsibility for any statement in this booklet, the SPP Terms and Conditions or in the Application Form.
- 6.3 BPL currently has a policy of not paying dividends. The Directors have not determined whether any dividend may be paid in the future. The payment of any future dividend will depend on a number of factors, including the profitability and financial position of BPL.

7 Financial Statements

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

8 No Underwriting of the Offer

The offer under the SPP is not underwritten.

9 Amendments to the Offer and waiver of compliance

- 9.1 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 of any such action on its part in relation to the SPP.
- 9.2 BPL reserves the right to issue fewer Shares than an Eligible Shareholder applies for under this offer (or none at all) if the board of BPL determines that the issue of those Shares would contravene any law or any of the Listing Rules.
- 9.3 In the event the SPP is terminated prior to the issue of Shares, all application monies will be refunded. No interest will be paid on any monies returned to you.

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 Class order compliance

The offer of Shares under the SPP is made in accordance with ASIC Class Order (CO 09/425), which grants companies like BPL relief from the requirement to prepare a prospectus for the offer, subject to BPL satisfying certain conditions.

12 Governing Law

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

13 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.

14 Limitations for New Zealand Shareholders

The offer in New Zealand is being made under the "small offers" exclusion in section 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

Act	Corporations Act 2001 (Cth).
Allotment Date	9 August 2016, 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	2 August 2016 at 5:00pm Sydney time, unless extended by the board of BPL.
Custodian	<p>means a person:</p> <ul style="list-style-type: none"> (a) that holds an Australian financial services licence that: <ul style="list-style-type: none"> (i) covers the provision of a custodial or depositary service; or (ii) includes a condition requiring the holder to comply with the requirements of ASIC Class Order [CO 02/294]; or (b) that is exempt under: <ul style="list-style-type: none"> (i) paragraph 7.6.01(1)(k) of the <i>Corporations Regulations 2001</i> (the "Regulations"); or <ul style="list-style-type: none"> (ia) paragraph 7.6.01(1)(na) of the Regulations; or (ii) ASIC Class Order [CO 05/1270] to the extent that it relates to ASIC Class Order [CO 03/184]; or <ul style="list-style-type: none"> (iia) ASIC Class Orders [CO 03/1099], [CO 03/1100], [CO 03/1101], [CO 03/1102], [CO 04/829] or [CO 04/1313]; or (iib) an individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in subparagraph (iia); or (iii) paragraph 911A(2)(h) of the Act; from the requirement to hold an Australian financial services licence for the provision of a custodial or depositary service; or (c) that is a trustee of a: <ul style="list-style-type: none"> (i) self-managed superannuation fund; or (ii) superannuation master trust; or (d) that is the responsible entity of an IDPS-like scheme; or (e) that is the registered holder of shares or interests in the class and is noted on the register of members of the body or scheme (as the case may be) as holding the shares or interests on account of another person.

Eligible Shareholder	A person who, at 7:00pm (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.
IDPS-like scheme	has the meaning given by ASIC Class Order [CO 02/296] or any class order that replaces that class order.
Issue Price	A\$ 0.081 (or 8.1 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.
Opening Date	4 July 2016.
Parcel	One of the following six Parcels of Shares: <ul style="list-style-type: none"> • A\$15,000 equivalent to 185,185 shares • A\$12,500 equivalent to 154,320 shares • A\$7,500 equivalent to 92,592 shares • A\$5,000 equivalent to 61,728 shares • A\$3,000 equivalent to 37,037 shares • A\$2,000 equivalent to 24,691 shares
Record Date	23 June 2016
Shares	Fully paid ordinary shares in BPL.
Shareholder	A registered holder of Shares.
SPP	The Share Purchase Plan contained 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 5 trading days prior to the date on which the offer under the SPP was announced on the ASX, being 24 June 2016.

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