

21st July 2016

ASX ANNOUNCEMENT

ASX Limited
20 Bridge Street
Sydney NSW 2000

Shareholder Letter

Dear Shareholder,

As your new Chief Executive Officer, it is important for me to outline the Company's plans to unlock shareholder value thanks to significant gains we have recently made and the growth opportunities that exist for suppliers of new age technology metals.

Thank you for your ongoing support during a difficult period for the mining industry, especially in the junior market. Happily, however, we are now seeing renewed domestic and international interest in our asset base thanks to stronger fundamentals for the commodities that we are focussed on developing – Cobalt and Heavy Mineral Sands.

Cobalt has lifted in price on the London Metal Exchange from under \$US22,000/tonne late in January to recently trade at above \$US25,000/tonne. This reflects deepening concerns about secure and ethical supply of cobalt just as demand is accelerating for its use in high-density Lithium-ion batteries. Some 40% of the world's cobalt is now used in such batteries, and this is forecast to increase to reach 70% within 10 years.

Thackaringa Cobalt Project

Broken Hill Prospecting Limited's (BPL's) wholly-owned Thackaringa Cobalt Project comprises a very large mineralised system of potentially world scale. To date, we have defined a total Inferred Mineral Resource of **35.7Mt at 841ppm cobalt¹** and a conceptual exploration target of **37-59Mt at 600-900ppm cobalt²**. 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.

The Thackaringa deposits remain under-explored. Detailed geological mapping has delineated more than 10km of mineralised outcrop, of which approximately 75% remains untested. Significant opportunity exists to upgrade and expand the near surface resource base through extensional and infill drilling. Beyond potential strike extensions, mineralisation also remains open at depth with future exploration to test below 250 metres.

Planning and regulatory approvals are underway for two phases of drilling in coming months:

1. Diamond drilling to collect samples for metallurgical test work within the Pyrite Hill, Big Hill and Railway deposits and
2. Reverse circulation (RC) drilling program to upgrade and expand known resources, including untested outcropping mineralisation along strike.

Heavy Mineral Sands Projects

The Company has built a substantial portfolio of Heavy Mineral Sands tenements in the Murray Basin, NSW. Recent drilling activities at three of these tenements have been funded by a joint venture with Relentless Resources Limited (RRL), and have resulted in a substantial upgrade for the Copi North Mineral Resource, which was released on 27 May 2016. RRL have contributed a total of \$2M to earn a 50% interest in these three Heavy Mineral Sands tenements. The final \$0.5M earn in payment was received on 1 July 2016.

Review of exploration activities on BPL's 100% owned tenements will progress in parallel with advanced studies on the JV tenements, comprising:

- Infill and resource upgrade drilling programs
- Metallurgical test work programs
- Marketing Studies and
- Baseline environmental monitoring (six months' data collected to date)

BPL is targeting the establishment of a sustainable pipeline of high grade, low tonnage deposits amenable to processing through mobile plant equipment that could be deployed across the broader project area.

Share Purchase Plan

As announced to the market on 24 June 2016, BPL is offering current shareholders the opportunity to participate in a share purchase plan (SPP). Strong support for the capital raising will underpin planned project development activities for both the Thackaringa Cobalt Project and Heavy Mineral Sands portfolio.

The offer under the SPP opened 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.

The Board and I will be strongly supporting the capital raising initiative.

Any further enquiries regarding the SPP, please contact head office on (02) 9252 5300 or info@bhpl.biz.

Both your Board and I are excited by the Company's prospects across the short, medium and long terms and look forward to unlocking shareholder value.

Yours faithfully,



Trangie Johnston
Chief Executive Officer

Competent Person Statement

Exploration targets and inferred resources 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. 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.

¹The Inferred Resource estimates are as released under JORC 2004, comprising 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)

²The 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 Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.