

**Replacement release to include competent Person Statement**

**Chairman's Address to Shareholders  
Broken Hill Prospecting Limited  
Annual General Meeting, 29<sup>th</sup> November 2012**

Dear Shareholders,

2012 has been a milestone year for Broken Hill Prospecting Limited ("BPL"), emerging as we have with a globally significant cobalt project following spectacular exploration success. To put this in context, it was only in February 2011 the Company listed on the Australian Securities Exchange and New Zealand Securities Exchange after successfully raising the necessary funding to take the project forward.

**Spectacular new discoveries**

Since I addressed the Company's 2011 Annual General Meeting our exploration results have been quite spectacular. Exploration has located new and large deposits of cobalt mineralisation, adding to the previously discovered Pyrite Hill and Big Hill deposits. The new discoveries at NE Big Hill, Offset and Railway include outcropping zones of cobalt-pyrite mineralisation which extend along low ridges for more than five kilometres and range up to 300 metres wide. These large deposits have now been partly tested by wide-spaced drilling and this has confirmed continuity of the outcropping cobalt-pyrite rock which is very similar to the Pyrite Hill and Big Hill deposits.

**More than doubling of resources**

The combined Inferred Mineral Resources estimate for our project has more than doubled over the last twelve months and now totals 35.7 million tonnes of mineralisation with an average cobalt content of 1.85 pounds per tonne. In addition, our resource consultants estimate that there is potential\* for between 37-59 million tonnes of similar grade rock to occur close to the drilled areas although further drill assessment is required to establish this.

Estimates of contained cobalt within reportable JORC Inferred Mineral Resources now stand at 66 million pounds and additional potential\* is estimated to contain between 63-101 million pounds. We believe that the upside for much more is also excellent.

**Considerable value adding with possible sulphuric acid production**

In early November BPL announced the results of scoping studies by international engineering consultant GHD which examined the basic parameters for a large open cut mine

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*\*This Potential occurs within the modeled mineralisation envelope and lies outside of the Inferred Mineral Resource because of the absence of nearby drilling. It is conceptual in nature and more drilling is required to further define it. There is no certainty that more drilling will result in up-grade of Potential to Mineral Resource.*

**Broken Hill Prospecting Limited**

ARBN: 003 453 503

Level 14, 52 Phillip Street, Sydney NSW 2000 Box 3486 GPO, Sydney NSW 2001

P: +61 2 9252 5300 F: +61 2 9252 8400 E: info@bhpl.biz W: [www.bhpl.biz](http://www.bhpl.biz)

to produce pyrite concentrate with about 0.5% cobalt content which could be used to produce sulphuric acid. The study identified robust economics for production of a sulphuric acid bi-product for five fast-track, low cost development options with nominal processing rates of between 1.5 – 7.5 million tonnes per year. The cobalt-pyrite concentrate could be processed to provide sulphuric acid for fertiliser and mineral processing industries and could enhance project flexibility for future development of a world-class cobalt mine.

This first step towards development of the project is important because it shows that production of pyrite concentrate to produce sulphuric acid could be a valuable revenue stream to support cobalt sales. This outcome gives BPL considerable flexibility in developing this large project, including how mining could be undertaken and what the end product should be.

Sulphuric acid is in strong demand for fertiliser production and mineral processing. It is also consumed by a wide range of other industries including plastics, fibres, oil refining and steel manufacture. In volume terms, sulphuric acid has the largest world-wide use of any chemical and more than 2,200 million tonnes are produced globally each year. Pyrite treatment to produce sulphuric acid would also provide significant cobalt and iron recovery.

#### **New research and zinc-silver potential**

The Company is also involved in research studies into the origin and geology of the cobalt mineralisation. These studies are assisting in our understanding of the deposits and in exploration for more mineralisation. They are also helping us to assess some of the metallurgical options for future processing of the ore.

High zinc and silver values have been intersected by drilling at Railway, and in early 2013 our exploration team is planning to undertake deeper drill tests to determine the extent of this new discovery. Silver and zinc have historically been produced in significant quantities at Broken Hill, is still mined there and is keenly sought in the district by many exploration and mining companies.

#### **Strategic advantage of a unique cobalt deposit type**

Cobalt is used in many super alloys and hardened steel, as well as a wide range of industrial applications. Emerging energy technologies also require large amounts of cobalt for rechargeable batteries to power the next generation of electric and hybrid cars.

With growing concern about political insecurity in central Africa which produces about 65% of the world's annual cobalt production, our deposits could become critical to supply cobalt demand in China, as well as USA, Japan and Europe. Apart from China none of these places produce cobalt and all rely on imported cobalt or recycled metal to feed growing industrial demand for the metal.

The Company's cobalt deposits are unique in that they are very large, have unusual and beneficial mineralogy and are in an excellent location, close to the road and railway as well as the mining centre of Broken Hill. The BPL deposits are strategic resources that may

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attract manufacturing, mineral processing, fertiliser or other industries requiring a secure future supply source of cobalt or sulphuric acid.

### **Exploration for uranium, opening up a new frontier**

Our exploration and research has given us an in-depth understanding of the geology and mineral deposits in the Broken Hill region and this has enabled the company to take advantage of the NSW Governments recent decision to allow future uranium exploration in the State.

BPL recently lodged an expression of interest to explore for uranium within the area covering and surrounding our current cobalt project. Although our cobalt-pyrite rock does not contain significant uranium content, uranium prospects are known peripheral to our cobalt-pyrite deposits and any new uranium discovery of commercial size would add considerable value to our project.

After several months of evaluation, the Company, through a wholly owned subsidiary Broken Hill Uranium Pty Ltd has also lodged expressions of interest in five other prospective uranium target areas in the Broken Hill region. These include uranium prospects which have not been explored for uranium by modern methods and which could contain commercial uranium deposits.

If these expressions of interest are accepted by the NSW Government then Broken Hill Uranium intends to apply for Exploration Licence Applications (Group 11) over these targets to explore for uranium deposits with both the size and grade to support future mine development. The process of application and grant of Exploration Licences over any of these areas is likely to take many months and commencement of first on-the-ground exploration work is unlikely to occur until late in 2013. BPL intends to apply modern exploration concepts and employ recent developments in uranium exploration technology during future assessment of these outstanding uranium exploration targets.

### **High quality work continues**

During the year the Company has continued with its awareness of its social, safety and environmental obligations and will continue to uphold very high standards in these areas.

I congratulate your Managing Director, Dr Ian Pringle and all of the BPL team for their diligence, hard work and excellent progress over the last twelve months and I look forward to an exciting year ahead.

I also wish to acknowledge the valued contribution that Mr Ralph Stagg has made to your company since his appointment to the Board of Directors in June 2004. Ralph is retiring from the Board of Directors and I thank him for his considerable services to the company including his contributions to both Audit and Remuneration Committees.

Mr Robert Barnes joined the BPL Board as an Independent Director in early July. Rob served as Chief Geoscientist (Minerals) in the NSW Department of Primary Industries between 2005 and 2010 and brings with him a deep knowledge of the geology of the Broken Hill region.

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On behalf of the Board of Directors I would like to thank shareholders for their support in what has been a very exciting and successful period for the Company.

Creagh O'Connor  
**Chairman**

**Competent Person Statement**

**Robert H. Spiers** consents to being named the competent person under the JORC code in relation to the Resource Estimates. He is a Competent Person as defined by the 2004 JORC Code. Information in this release relating to the H&S Consultants Ltd ('H&SC', formerly Hellman & Schofield Pty Ltd) resource estimates is based on, and accurately reflects information provided by Mr Spiers who consents to the inclusion in the report of the resource estimates which have been attributed to H&SC and to the matters based on his information in the form and context in which they appear.

H&SC quantified a potential target size within the modeled mineralisation envelope. This Potential 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 600ppm and 900ppm cobalt. The Potential is conceptual in nature and more drilling is required to further define it. There is no certainty that this will result in a Mineral Resource.

Exploration activities and results contained in this report 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 December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). 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.

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