



Broken Hill Prospecting Limited

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ASX / NZX ANNOUNCEMENT

19 October 2012

NOTICE OF ANNUAL GENERAL MEETING

The Company Annual General Meeting **has been postponed** to 11:00 am (Sydney time) on Thursday, 29 November 2012 at Level 14, 52 Phillip Street Sydney NSW (Australia) and simultaneously via audio connection at 545 Parnell Road, Parnell, Auckland (New Zealand) at 1:00pm (Auckland time).

The Notice of Meeting and Proxy Form are enclosed with this announcement.

Yours faithfully

A handwritten signature in black ink that reads "Francesco Girotto". The signature is written in a cursive style with a large initial 'F' and a long, sweeping tail on the 'o'.

Francesco Girotto
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the annual general meeting of members of **Broken Hill Prospecting Limited** ("the Company") will be held at **Level 14, 52 Phillip Street Sydney Australia** on **Thursday 29th November 2012** at **11:00 am** (Sydney time) and simultaneously via audio connection in **545 Parnell Road, Parnell, Auckland (New Zealand)** at **1:00pm** (Auckland time).

ORDINARY BUSINESS

1. Resolution: Annual Financial Report:

To receive, table and consider the Company's Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2012.

To consider and if thought fit, pass the following resolution, as an ordinary resolution:

"That the Financial Report, (including the Financial Statements, the notes to the Financial Statements and the Directors' declaration about the Financial Statements), the Director's Report and the Auditor's Report for the financial year ended 30 June 2012, be adopted by the Company."

2. Resolution: Election of Director – Geoffrey Guild Hill

To consider and if thought fit, pass the following resolution, as an ordinary resolution:

"That Mr Geoffrey Hill, being a Director of the Company who retires by rotation in accordance with the Company's Constitution, being eligible and offering himself for election, be elected a Director of the Company."

3. Resolution: Election of Director – Robert George Barnes

To consider and if thought fit, pass the following resolution, as an ordinary resolution:

"That Mr Robert Barnes, being a Director of the Company who retires in accordance with the Company's Constitution, being eligible and offering himself for election, be elected a Director of the Company."

4. Retirement of Mr Ralph Nicholas Stagg

Mr Ralph Stagg retires by rotation in accordance with the Company's Constitution, and does not stand for re-election.

SPECIAL BUSINESS

5. Resolution: Delisting from NZX

To consider and if thought fit, pass the following resolution, as an ordinary resolution:

"The Company be delisted from the NZX, with timing and procedures at the Directors' discretion."

Voting Exclusion: In accordance with the New Zealand Listing Rule 5.4.1 the Company will disregard any votes cast on this Resolution by any member that is not a Member of the Public.

6. Resolution: Appointment of new Auditors

To consider and if thought fit, pass the following resolution, as an ordinary resolution:

"That KS Black & Co. being nominated and having consented to act as auditor of the Company, be appointed the Company's auditor for a fee agreed with the Directors."

7. Resolution: Issue of Options to Managing Director – Ian James Pringle

To consider and if thought fit, to pass the following resolution, as an ordinary resolution:

"That for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Company issue to Dr Ian Pringle, for no consideration, within 12 months of the passing of this resolution 4,000,000 options to subscribe for Shares in the Company with exercise price of A\$0.20 and expiry date of 17 February 2016 in accordance with the Rules of the Company's Share Incentive Plan."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any share incentive plan of the Company) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution: Issue of Options to Non-executive Director - Robert George Barnes

To consider and if thought fit, to pass the following resolution, as an ordinary resolution:

"That for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Company issue to Robert George Barnes, for no consideration, within 12 months of the passing of this resolution, 1,000,000 options to subscribe for Shares in the Company with exercise price of A\$0.20 and expiry date of 17 February 2016 in accordance with the Rules of the Company's Share Incentive Plan."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any share incentive plan of the Company) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. Resolution: Issue of Options to Non-executive Director - Francis Creagh O'Connor

To consider and if thought fit, pass the following resolution, as an ordinary resolution:

"That for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Company issue to F Creagh O'Connor, for no consideration, within 12 months of the passing of this resolution, 1,000,000 options to subscribe for Shares in the Company with exercise price of A\$0.20 and an expiry date of 17 February 2016 in accordance with the Rules of the Company's Share Incentive Plan."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any share incentive plan of the Company) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. Resolution: Issue of Options to Non-executive Director - Peter Robert Atkinson

To consider and if thought fit, pass the following resolution, as an ordinary resolution:

"That for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Company issue to Peter R Atkinson, for no consideration, within 12 months of the passing of this resolution, 1,000,000 options to subscribe for Shares in the Company with exercise price of A\$0.20 and an expiry date of 17 February 2016 in accordance with the Rules of the Company's Share Incentive Plan."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any share incentive plan of the Company) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

11. Resolution: Issue of Options to Non-executive Director - Geoffrey Guild Hill

To consider and if thought fit, pass the following resolution, as an ordinary resolution:

"That for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Company issue to Geoffrey G Hill, for no consideration, within 12 months of the passing of this resolution, 1,000,000 options to subscribe for Shares in the Company with exercise price of A\$0.20 and an expiry date of 17 February 2016 in accordance with the Rules of the Company's Share Incentive Plan."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any share incentive plan of the Company) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

12. Resolution: Issue of Options to former Non-executive Director - Ralph Nicholas Stagg

To consider and if thought fit, pass the following resolution, as an ordinary resolution:

"That for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Company issue to Ralph N Stagg, in meeting the Company's obligation under its consultancy agreement dated 30 August 2012, with Mr Stagg, within 12 months of the passing of this resolution, 1,000,000 options to subscribe for Shares in the Company with exercise price of A\$0.20 and an expiry date of 17 February 2016 in accordance with the Rules of the Company's Share Incentive Plan."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any share incentive plan of the Company) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

13. Resolution: Replacement of Constitution

To consider and if thought fit, to pass the following resolution, as a special resolution:

“Subject to the successful delisting from the NZX, that the Company’s constitution be repealed as at the date of the delisting from the NZX, and the constitution now tabled by the Chairman before the meeting be adopted”.

14. Resolution: Approval of 10% Placement Facility

To consider and if thought fit, to pass the following resolution, as a special resolution:

“That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company does not intend to approach any particular existing shareholder or security holder or an identifiable class of existing security holders to participate in any issue made under listing rule 7.1A, and therefore at this stage no security holders' votes will be excluded.

GENERAL INFORMATION

Eligibility to Vote

For the purpose of the meeting, shares will be taken to be held by persons who are registered as members as at 11.00 am (Sydney time) on 27th November 2012. Accordingly, transactions registered after that time will be disregarded in determining members entitled to attend and vote at the meeting.

Proxies

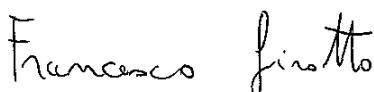
A proxy form is attached. You may exercise your right to vote at the meeting either by being present in person or by appointing a proxy to attend and vote in your place. You may appoint either an individual or a body corporate as your proxy. A proxy need not be a member of the Company. A proxy form must be signed by the member or the member's attorney. Proxies given by corporations must be signed either under seal or in accordance with the constitution of the corporation. The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy of the power of attorney or authority) must be received not later than 48 hours before the time for holding the meeting (please see the Company's address and delivery instructions on the Proxy Form attached).

Attending the meeting

If you are attending the meeting please bring the Proxy form to assist registration.

By order of the Board

Broken Hill Prospecting Limited



Francesco Giroto,
Secretary

19 October 2012

EXPLANATORY STATEMENT

Forming part of the Notice to Members of the Annual General Meeting to be held 29 November 2012

1. Resolution: Annual Financial Report:

To receive, table and consider the Company's Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2012.

This item provides an opportunity for members at the meeting to ask questions and comment on the Financial Report (including the Financial Statements), the Directors' Report and the Auditor's Report. The Company's Annual Financial Report 2012 has been sent to members, and can be accessed on the Company's website at www.bhpl.biz.

2. Resolution: Election of Director – Geoffrey Guild Hill

Mr Hill, B. Ec., MBA, FCPA, ASIA, FAICD, retires by rotation in accordance with the Constitution of the Company and offers himself for re-election. Mr Hill has been a member of the Company's Board since 1989 and is currently a member of the Audit Committee.

Mr Hill has extensive experience in the identification of the advantages of mergers and takeovers and their implementation and has acted for a wide range of corporate clients in Australia and overseas. Mr Hill also has extensive experience in giving corporate advice to mining companies. He is a director of unlisted companies including International Pacific Capital Limited, So Co Ltd, Coromandel Gold Limited and Texas and Oklahoma Coal Company Limited. Listed company directorships include Metals Finance Limited (MFC) and Mount Gibson Iron Limited (MGX). He is a former director of a number of listed companies including Heritage Gold NZ Limited (now New Talisman Gold Mines Limited) (1999-2012), Centrex Metals Limited (2008-2011) and Outback Metals Limited (2010).

3. Resolution: Election of Director – Robert George Barnes

Mr Barnes, B.A. (Hons Geology), M.Sc., M. App. Sc., Grad. Cert. Public Sector Management, MGSA, was appointed by the Board as a nonexecutive Director on 6 July 2012. In accordance with the Company's constitution, he retires and offers himself for re-election.

Mr Barnes has over 40 years' experience as a geologist and manager. He recently moved from his position as Chief Geoscientist – Minerals in the Geological Survey of New South Wales to mineral exploration. He has worked extensively throughout NSW including eight years based in Broken Hill. His work with the Geological Survey included large scale mineral deposits, mineral systems and geological mapping projects covering an extensive range of deposit styles and commodities. He played a pivotal role in regional scale metallogenic mapping projects across NSW and in building geological and mineral deposit databases. He has authored numerous scientific publications on mineral deposits. Mr Barnes has worked with State and Commonwealth agencies on regional mineral prospectivity assessments and provided high-level advice to government in relation to mineral exploration administration and policies. He also runs an independent consultancy facilitating mineral exploration and project development.

Mr Barnes is not director of any other listed company.

4. Retirement of Mr Ralph N Stagg

Mr Stagg retires by rotation in accordance with the Constitution of the Company but is not standing for re-election. The Directors thank Ralph Stagg for his work for the Company as a director. On completion of the consultancy agreement referred to paragraph 9 below, the Directors wish him well in his retirement.

SPECIAL BUSINESS

5. Resolution: Delisting from NZX

The company in the past few years has based its operations exclusively in New South Wales, Australia. The shares listed on the New Zealand Stock Exchange, (NZX) represent less than 2% of the total share capital of the Company and about 5% of the total quoted shares of the Company (between the Australian Stock Exchange (ASX), and the NZX). The number of shareholders on the NZX is about 14% of the total shareholders. Given the additional listing, compliance and administrative costs associated with maintaining a dual listing on both the NZX and the ASX and the low level of liquidity from minimal trading of the company shares on the NZX, the directors recommend delisting from this exchange and maintaining a listing only on the ASX.

The Company recognises the support given by the shareholders in New Zealand and will facilitate the transition of their holdings to the ASX.

6. Resolution: Appointment of new Auditors

The company in the past few years has based its operations exclusively in NSW, Australia. During this time it became apparent that the Company needed to have an audit firm close to the operations of the company. DFK Carlton, based in New Zealand, has been the Company auditor for many years. Following discussions between the Company and DFK Carlton, DFK Carlton decided to retire and not seek re-appointment. The Company wishes to thank DFK Carlton for all the work they have done throughout the years.

The Board requested that the Audit Committee conduct a selection process for a replacement auditor. The Audit Committee subsequently issued a request for proposals seeking responses from suitably qualified accounting firms.

Following careful review and consideration of the responses received, the Audit Committee determined that KS Black & Co were the most suitably qualified appointment.

A recommendation to this effect was made by the Audit Committee to the Board. The Board agreed with the recommendation made by the Audit Committee and on this basis seeks the approval of shareholders to the appointment of KS Black & Co as auditor of the Company at a fee to be agreed by the Directors with the auditors.

KS Black & Co. is an auditing firm based in Parramatta NSW (Australia), with extensive experience in small mining and exploration companies. KS Black & Co. have been nominated as auditors for the Company and have consented to their appointment.

In the event that shareholders vote to approve KS Black & Co.'s appointment as auditor, KS Black & Co will hold office until the Company's next annual general meeting at which time they will be subject to reappointment in the usual manner.

The Financial Statements and the Auditor's Report included in the Annual Financial Report to be presented to the shareholders under Item 1 at the Annual General Meeting were respectively audited and prepared by DFK Carlton as the Company's existing auditors.

7. Resolution: Issue of Options to Managing Director – Ian Pringle

The Company engaged Remuneration Strategies Group Pty Limited, to advise on methods of providing shares as remuneration. This enquiry resulted in the Company formalising the Broken Hill Prospecting Limited Share Incentive Plan ("the Plan"), prepared for the Company by Remuneration Strategies Group Pty Ltd. The Directors resolved to use the Plan for the issue of options referred to in this Explanatory Statement, subject to shareholder approval.

The Company proposes to issue 4,000,000 Options on the terms set out in Annexure A for the benefit of its Executive Director, Dr Ian Pringle, under the terms and conditions of the Plan. The Options will be held by a trust (the "Plan Trustee") under the Plan, details of which are set out in Annexure B.

Such grant of options is intended to provide an incentive to the Managing Director to drive the performance of the Company. It will enable him to participate in the Company's growth which will benefit all shareholders.

The Options will be issued at an exercise price of A\$0.20 per option and will be exercisable by 17 February 2016.

Listing Rule 10.14

Listing Rule 10.14 states that a company must not permit a Director or an associate of a Director to acquire securities under an employee incentive scheme without the approval of ordinary shareholders. The following information is provided to shareholders for the purpose of Listing Rule 10.15:

- (a) the Options will be issued to the Plan trustee. The Plan Trustee will hold the options for the benefit of Dr Ian Pringle, who is the managing director ("Participating Director"), as described in Annexure B;
- (b) the maximum number of Options to be granted under Resolution 7 is 4,000,000;
- (c) the Options will be granted as incentive options and accordingly the Options will be issued for no cash consideration. The exercise price of the Options will be A\$0.20 per share and will have an expiry date of 17/2/2016;
- (d) the Options are not subject to performance hurdles;
- (e) the value of the Options to be granted as calculated by the Company and its advisers, Remuneration Strategies Group Pty Ltd, using the above assumptions and the Black & Scholes valuation model is A\$0.0158 per Option (details of the calculation of this valuation being set out below);

- (f) no loan is granted by the Company in relation to the acquisition of Options. As described in Annexure B, the Plan Trustee will provide an interest free loan to Dr Ian Pringle equivalent to the value of the Options to enable him to subscribe for Units in the Plan. The Units in the Plan will be issued for a consideration equal to the value of the Options to be issued for the benefit of Dr Ian Pringle;
- (g) the Options will be issued no later than 12 months after the date of this Annual General meeting;
- (h) no options under the Plan were issued before this AGM;
- (i) the names of all persons referred to in Listing Rule 10.14 who are entitled as a result of the resolutions proposed at this meeting to participate in the Plan are: Ian Pringle, Robert Barnes, F Creagh O'Connor, Ralph Stagg, Peter Atkinson, Geoffrey Hill;
- (j) the Options will be issued to the Plan Trustee for the benefit of the Participating Director for no cash consideration;

Any other information that is reasonably required by members to make a decision and that is known to the Directors

The proposed Resolution 7 would have the effect of giving the Company the right to grant Ian Pringle Options on the terms and conditions as set out in Annexure A and as otherwise mentioned above. The Company presently has on issue 82,581,900 ordinary shares and 42,340,950 Options.

If any Options granted as proposed above are exercised, the effect would be to dilute the share holdings of existing shareholders. The market price of the Company's shares during the period of the Options will normally determine whether or not Option holders exercise the Options. At the time any Options are exercised and shares are issued pursuant to the exercise of the Options, the Company's ordinary shares may be trading at a price which is higher than the exercise price of the Options.

The highest closing price for fully paid ordinary shares in the Company trading on ASX during the past 12 months was A\$0.135 and the lowest closing price of shares in the Company trading on ASX during the past 12 months was A\$0.085. The most recent closing price of shares in the Company trading on the ASX prior to the date of this Explanatory Memorandum was A\$0.096 which occurred on 2nd October 2012. Other remuneration currently being received by the proposed recipient of the options is set out on page 20 of the 2012 Annual Report of the Company.

At the date of this Notice the proposed recipient of the options, Ian Pringle has no interest in shares or options of the Company.

Valuation of the financial benefit

The Directors, in conjunction with the Company's advisers, have determined the value of the Options using the Black Scholes methodology for pricing of financial options. This valuation methodology uses inputs including time to expiration, strike price, value of the underlying financial instrument, implied volatility and the risk free interest rate.

The Company proposes to issue the Options effective 30 August 2012 (subject to shareholder approval), in accordance with the Company's usual remuneration practices, because Board approval of the grant of the options (subject to shareholder approval) occurred on 30 August and accordingly the options have been valued at that date.

On the days where the Shares have not traded the previous day's closing price has been used. The resulting volatility figure is historical and this has been used as a guide to estimating Implied Volatility. It should be noted that volatility is a subjective input into the calculation of financial options using the Black Scholes methodology.

Using this method of valuation Remuneration Strategies Group Pty Ltd has determined a value of A\$0.0158 for each of the Options to be granted to the participating Director in terms of the Plan. On the basis of this calculation, the total financial benefit to be given to the Director, if Resolution 7 is approved, would amount to A\$63,200.00

The assumptions used by the company and its advisers in calculating the value of the Options were as follows:

Share Price A\$0.10
 Exercise Price A\$0.20
 Volatility 47.1985%
 Options Expiry Date 17/2/2016
 Risk free rate 4.75% pa
 Exercise Price Multiple 2
 Dividends Nil

Apart from the information set out in this Explanatory Statement and information publicly available to all shareholders, there is no other information that is known to the Company or any of its directors that is reasonably required by shareholders to decide whether or not it is in the Company's interest to pass this Resolution.

8 to 11. Issue of Options to the Non-executive Directors

The Company proposes to issue 1,000,000 Options to each of its Non-Executive Directors: Robert Barnes, F Creagh O'Connor, Peter Atkinson and Geoffrey Hill, a total of 4,000,000 options.

The Options would be issued on terms and conditions set out in Annexure A. The Options would be held under the Plan by the Plan Trustee, details of the Plan being set out in Annexure B.

This grant of options is intended to provide some reward to the Non-Executive Directors for the time and effort spent growing the Company's business and to compensate them for the risk accepted in public mining company directorships. These options should provide incentive to the directors to drive the Company's growth for the benefit of all shareholders.

The Options would be issued at an exercise price of A\$0.20 per Option and would be exercisable by 17 February 2016.

Listing Rule 10.14

Listing Rule 10.14 states that a company must not permit a director or an associate of a Director to acquire securities under an employee incentive scheme without the approval of ordinary shareholders. The following information is provided to shareholders for the purpose of Listing Rule 10.15:

- (a) the Options will be issued to the trustee of the Broken Hill Prospecting Limited Share Incentive Plan (the "Plan Trustee"). The Plan Trustee will hold the options for the benefit of the Non-Executive Directors: Robert Barnes, F Creagh O'Connor, Peter Atkinson and Geoffrey Hill ("Participating Directors"), as described in Annexure B;
- (b) the maximum number of Options to be granted under Resolutions 8 to 11 is 4,000,000;
- (c) the Options will be granted as incentive options and accordingly the Options will be issued for no cash consideration. The exercise price of the Options will be A\$0.20 per share and an expiry date of 17/2/2016;
- (d) the Options are not subject to performance hurdles;
- (e) the value of the Options to be granted as calculated by the Company and its adviser, Remuneration Strategies Group Pty Ltd, using the above assumptions and the Black & Scholes valuation model is A\$0.0158 per Option (details of the calculation of this valuation are set out below);
- (f) no loan is granted by the Company in relation to the acquisition of Options. As described in Annexure B, the Plan Trustee will provide an interest free loan to Robert Barnes, F Creagh O'Connor, Peter Atkinson and Geoffrey Hill equivalent to the value of the Options to enable them to subscribe for Units in the Plan. The Units in the Plan will be issued for a consideration equal to the value of the Options to be issued;
- (g) the Options will be issued no later than 12 months from the date of this Annual General meeting;
- (h) no options under the Plan were issued before this AGM;
- (i) the names of all persons referred to in Listing Rule 10.14 who are entitled to participate in the Plan as a result of these resolutions are: Ian Pringle, Robert Barnes, F Creagh O'Connor, Peter Atkinson, Ralph Stagg and Geoffrey Hill;
- (j) the Options will be issued to the Plan Trustee for the benefit of the Participating Directors for no cash consideration;

Any other information that is reasonably required by members to make a decision and that is known to the Directors

The proposed Resolutions 8 to 11 inclusive would enable the Company to issue Robert Barnes, F Creagh O'Connor, Peter Atkinson and Geoffrey Hill, Options on terms and conditions set out in Annexure A and as otherwise mentioned above. The Company presently has on issue 82,581,900 ordinary shares and 42,340,950 Options.

If any Options granted as proposed above are exercised, the effect would be to dilute the share holdings of existing shareholders. The market price of the Company's shares during the period of the Options will normally determine whether or not Option holders exercise their Options. At the time any Options are exercised and shares are issued pursuant to the exercise of the Options, the Company's ordinary shares may be trading at a price which is higher than the exercise price of the Options.

The highest closing price for fully paid ordinary shares in the Company trading on ASX during the past 12 months was A\$0.135 and the lowest closing price of shares in the Company trading on ASX during the past 12 months was A\$0.085. The most recent closing price of shares in the Company trading on the ASX prior to the date of this Explanatory Statement was A\$0.096 which occurred on 2nd October 2012. The remuneration currently being received by the proposed recipients of the options is set out on page 20 of the 2012 Annual Report of the Company.

Valuation of the financial benefit

The Directors, in conjunction with the Company's advisers, have determined the value of the Options using the Black Scholes methodology for pricing of financial options. This valuation methodology uses inputs including time to expiration, strike price, value of the underlying financial instrument, implied volatility and the risk free interest rate.

The Company proposes to issue the Options effective 30 August 2012 (subject to shareholder approval), in accordance with the Company's usual remuneration practices, because Board approval of the grant of the options (subject to shareholder approval) occurred on 30 August and accordingly the options have been valued at that date.

On the days where the Shares have not traded the previous day's closing price has been used. The resulting volatility figure is historical and this has been used as a guide to estimating Implied Volatility. It should be noted that volatility is a subjective input into the calculation of financial options using the Black Scholes methodology.

Using this method of valuation Remuneration Strategies Group Pty Ltd has determined a value of A\$0.0158 for each of the Options to be granted to the Directors in terms of the Plan. On the basis of this calculation, the total financial benefit to be given to each Director, if Resolutions 8 to 11 are approved, would amount to A\$15,800.00 .

The assumptions used by the Company and its advisers in calculating the value of the Options were as follows:

Share Price A\$0.10
Exercise Price A\$0.20
Volatility 47.1985%
Options Expiry Date 17/2/2016
Risk free rate 4.75% pa
Exercise Price Multiple 2
Dividends Nil

Apart from the information set out in this Explanatory Notes and information publicly available to all shareholders there is no other information that is known to the Company or any of its directors that is reasonably required by shareholders to decide whether or not it is in the Company's interest to pass Resolutions 8 to 11.

12. Issue of Options under consulting agreement - Ralph Nicholas Stagg

At the request of the Company, Mr Stagg agreed to enter into a consultancy agreement with the Company dated 30 August, 2012, effective from 1 December 2012. The agreement runs for 18 months. Mr Stagg is to provide two days consultancy per month for \$1,000.

The consulting agreement which the Company has made with Mr Stagg provides for a consideration paid by the Company or issue of shares or options to the same or similar value. To conserve liquidity, the Company proposes to issue 1,000,000 Options to Ralph Stagg for the purposes of satisfying the Company's obligations to Mr Stagg under the consulting agreement.

The Options would be issued on the terms set out in Annexure A under the terms and conditions of the Plan. The Options would be held by the Plan Trustee, details of which are set out in Annexure B. The information relevant to assessing the benefit received by Mr Stagg is that set out in paragraphs 8-11 above. Shareholders should refer to this information when considering how to vote on this resolution.

13. Replacement of Constitution

The Company's current constitution is appropriate to a company that is listed on both the New Zealand Stock Exchange (NZX) and the Australian Stock Exchange (ASX). However if resolution 5 is passed the company will be listed only on the ASX. Accordingly, the Directors are of the view that the Company should repeal its current constitution and adopt a new constitution that is more appropriate for a public company listed only on the ASX.

The major changes are to refer to the Rules of the ASX in place of both the Rules of ASX and NZX.

Generally, the changes incorporated in the new constitution are not considered to be material.

The proposed new constitution has been provided to ASX for its consideration and ASX has confirmed that it has no objection to the form of the new constitution. The new constitution would be effective from the successful delisting from the NZX Main Board.

A copy of the proposed new constitution is available at the Company's offices for review by members. A copy of the proposed new constitution will be sent to a member upon request.

14. Approval of 10% Placement Facility

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued capital through placements over a 12 month period after the annual general meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer below).

The Company may use the 10% Placement Facility to cover new exploration expenses or to acquire new resource assets or investments.

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of quoted Equity Securities:

- Ordinary Shares quoted – number 29,527,511
- Ordinary Shares unquoted subject to escrow expiring 17/2/2013 – number 53,324,389
- Listed Options, 20c expiry 17/2/2014 - number 11,190,950
- Unlisted Options, 24c expiry 17/2/2013 – number 1,500,000
- Unlisted Options, 20c expiry 17/2/2016 – number 29,650,000

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A is the number of shares on issue 12 months before the date of issue or agreement,

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 82,581,900 Shares and therefore has a capacity to issue:

- (i) 12,387,285 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under this Resolution, 8,258,190 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer above).

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX (**10% Placement Period**).

Listing Rule 7.1A

The effect of this Resolution will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 14 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 14 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised). There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%.

Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.05 50% decrease in Issue Price	\$0.10 Issue Price	\$0.20 100% increase in Issue Price
Current Variable A 82,581,900 Shares	10% Voting Dilution	8,258,190 Shares	8,258,190 Shares	8,258,190 Shares
	Funds raised	\$412,910	\$825,819	\$1,651,638
50% increase in current Variable A 123,872,850 Shares	10% Voting Dilution	12,387,285 Shares	12,387,285 Shares	12,387,285 Shares
	Funds raised	\$619,364	\$1,238,729	\$2,477,457
100% increase in current Variable A 165,163,800 Shares	10% Voting Dilution	16,516,380 Shares	16,516,380 Shares	16,516,380 Shares
	Funds raised	\$825,819	\$1,651,638	\$3,303,276

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No Listed Options (including any Listed Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (vii) The issue price is \$0.10, being the closing price of the Shares on ASX on 26 September 2012.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under this Resolution for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.
 - (iii) the Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities. The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - (iv) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (v) the effect of the issue of the Equity Securities on the control of the Company;
 - (vi) the financial situation and solvency of the Company; and
 - (vii) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

(e) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

The documents comprising the Broken Hill Prospecting Limited Share Incentive Plan may be inspected on reasonable notice at the Company's office.

The Board of Directors recommends that you vote in favour of all the items of business except for resolutions 7 to 12 for which they make no recommendation.

GLOSSARY

In this Notice and the Explanatory Statement:

A\$ means Australian Dollars.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2012.

Associated Person has the meaning given in the NZSX Listing Rule 1.8

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Business Day means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

Chair or **Chairman** means the person appointed to chair the Meeting convened by this Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act 2001 (Commonwealth of Australia).

Company means Broken Hill Prospecting Limited (ARBN 003 453 503).

Constitution means the constitution of the Company as at the commencement of the Meeting or the new constitution on delisting from the NZX.

Director means a director of the Company.

Directors' Report means the annual directors' report.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Statement means the explanatory statement attached to the Notice.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Member of the Public has the meaning given in the NZSX Listing Rule 1.6: "...in relation to an Issuer and/or Securities of an Issuer, any person other than: (a) a person who holds, or who is one of a group of Associated Persons who together hold, 10% or more of a Class of Securities; or (b) a person who has, or who is one of a group of Associated Persons who together have, the power (whether contingent or not) to appoint one or more Directors of the Issuer; or (c) any other person or member of a class of persons, whom NZX in its discretion declares not to be a Member of the Public for the purpose of the Rules."

Notice means this notice of meeting.

NZX means the NZX Main Board

Option means an option which entitles the holder to subscribe for one Share.

Plan means Broken Hill Prospecting Limited Share Incentive Plan some details of which are in Annexure B

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Share Placement has the meaning given in Item 14.

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the ASX Listing Rules.

VWAP means volume weight average price.

In this Notice and the Explanatory Statement words importing the singular include the plural and vice versa.

ANNEXURE A – TERMS OF OPTIONS

1. No monies will be payable for the issue of the Options.
2. A Certificate will be issued for the Options.
3. The Options shall expire on 17 February 2016.
4. Each Option shall carry the right in favour of the Option holder to subscribe for one Share.
5. Options may be exercised in whole or in part.
6. Shares allotted to Option holders on the exercise of Options shall be issued at the price specified in the resolution of Directors approving the issue of the Options.
7. The issue price of Shares the subject of the Options shall be deemed to have been paid in full on payment of the exercise price of the Options.
8. Subject to clause 21 of these Option Terms:
 - (a) Options shall be exercisable by the delivery to the office of the Company of a notice in writing stating the intention of the Option holder to exercise all or a specified number of Options held by him accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares; and
 - (b) an exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by him.
9. The Company shall allot the resultant Shares within five (5) Business Days of the exercise of the Option.
10. Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.
11. The Company shall, in accordance with the Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise of Options listed for Official Quotation.
12. If the Options are exercised before the record date of an entitlement, the Option holder can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify the Option holder of the proposed issue at least nine (9) Business Days before the record date. Option holders do not have a right to participate in new issues without exercising their options in accordance with Listing Rule 6.19.
13. In the event of any reorganisation of capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation in accordance with the Listing Rules.
14. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
15. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced according to the following formula:

$$O' = O - E[P - (S + D)] N + 1$$

Where:

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying securities in the Company into which one option is exercisable.

P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the five (5) trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.

16. The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of Options. The effect will be that upon exercise of the Options the number of Shares received by the Option holder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price of the Options shall not change as result of any such bonus issue.
17. The Company shall notify each Option holder and ASX within one (1) month after the record date for a pro-rata bonus or cash issue of the adjustment to the number of Shares over which the Option exists and/or the adjustment to the exercise price.
20. Options may be converted into Shares to be held in the name of the Option holders' nominee.
21. The Option may be exercised in whole or in part in parcels of not less than 1,000, except if the Optionholder holds less than 1,000 Options in which case, all Options held by the Optionholder must be exercised together.

Unless the context otherwise requires, capitalised terms used in these terms and not otherwise defined have the same meanings as in the ASX Listing Rules.

ANNEXURE B – DETAILS OF THE SHARE INCENTIVE PLAN

The Company has established the Broken Hill Prospecting Limited Share Incentive Plan (the “**Plan**”). The Plan Trustee is a special purpose company known as Trinity Management Pty Ltd. The beneficial interest in the Plan is divided into Units. The Plan allows certain directors, contractors and employees selected by the Board of Directors to be offered the benefit of shares and options in Broken Hill Prospecting Limited (“**BPL**”). The key reasons for the establishment of the Plan are:

1. BPL has found that a traditional employee option plan on its own does not facilitate retention of shares by personnel after exercise of their options. The reason is that optionholders find it necessary to immediately sell their shares in order to fund the exercise of their options. The Plan structure enables the exercise of employee options to be funded from the Plan, as described below. This will enable units to be retained in the Plan for the benefit of personnel following the exercise of options.
2. Facilitating the retention of shares for the benefit of personnel after the exercise of options will also assist with the retention of key personnel.
3. A traditional employee option plan on its own creates complex taxation issues for personnel. The taxation issues for personnel arising from the Plan are simpler because the personnel own Units in the Plan and they do not directly own options in the Company.

The key steps that will occur when options are issued to the Plan Trustee under the Plan for the benefit of a director (the “**Director**”), contractor or an employee are as follows:

1. BPL issues the options to the Plan Trustee. BPL makes a contribution to the Plan Trustee equal to the value of the options (as determined under AASB2) and the options are issued to the Plan Trustee at that value.
2. The Plan Trustee provides an interest free loan to the Director, equivalent to the value of the options to enable the Director to subscribe for Units in the Plan. The loan is non-recourse. The Units in the Plan are issued for a consideration equal to the value of the options issued for the benefit of the Director.
3. After the applicable vesting period (if any) the Director can direct the Plan Trustee to exercise the options. If the Plan Trustee requires additional cash to exercise the options, this amount may be advanced by BPL to the Plan Trustee, subject to repayment by the Director as described below.
4. If, following exercise of the options, the underlying shares are to be sold, the Director’s Units are redeemed and the Director receives an amount equivalent to the net consideration from the sale of the underlying shares (less repayment of any loans and other amounts owing by the Director).

2012 ANNUAL GENERAL MEETING

Shareholder Name & Address

Broken Hill Prospecting Limited
ABN 83 003 453 503
 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
Website: www.bhpl.biz

Proxy Form

If appointing a proxy to attend the Annual General Meeting (**Meeting**) on your behalf, please complete the Form and submit it in accordance with the directions at the bottom of the page.

I/We being a shareholder/shareholders of Broken Hill Prospecting Limited and entitled to vote hereby appoint

The Chairman of the Meeting (mark with an "X")

OR

*Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.*

or failing him/her, (or if no proxy is specified above), the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Meeting to be held at **Level 14, 52 Phillip Street Sydney (Australia)** on **Thursday 29th November 2012 at 11:00 am (Sydney time)** and **simultaneously via audio connection at 545 Parnell Road, Parnell, Auckland (New Zealand) at 1:00pm (Auckland time)** and at any adjournment of that Meeting.

Important Note: If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of resolutions 7 to 12, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution/s and that votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

The Chairman of the meeting intends to vote undirected proxies in favour of each resolution.

Voting directions to your proxy – please mark to indicate your directions

RESOLUTION	For	Against	Abstain*
1. Adoption of the 2012 Annual Financial Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of Mr Geoffrey Guild Hill as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Election of Robert George Barnes as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Delisting from the NZX	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Appointment of new Auditors K&S Black & Co.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Issue of Options to Managing Director Ian J Pringle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Issue of Options to the Director Robert G Barnes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Issue of Options to the Director F Creagh O'Connor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Issue of Options to the Director Peter R Atkinson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Issue of Options to the Director Geoffrey G Hill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Issue of Options to the former Director Ralph N Stagg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

Individual or Shareholder 1

Sole Director & Sole Company Secretary

Joint Shareholder 2

Director

Joint Shareholder 3

Director / Company Secretary

Contact Name

Contact Daytime Telephone

Date

NOTES:

- As a shareholder you may attend the meeting and vote, or you may appoint a proxy to attend the meeting. A proxy need not to be a shareholder of the company.
- If you have appointed two proxies please indicate what proportion of your voting rights each proxy is to represent.
- If the appointment of a proxy is signed by the appointor's attorney, this form must be accompanied by the authority under which the appointment was signed, or a certified copy of the authority.

Lodgement of the Proxy form: The completed proxy form must be received by the company by 11:00am Tuesday 27th November 2012 (Sydney time)
Mailing Address: Broken Hill Prospecting Limited – **Box 3486 GPO Sydney, 2001 (Australia)**
Fax Number: +61 2 9252 8400