

CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING OF BROKEN HILL PROSPECTING LIMITED, 18 NOVEMBER, 2015

Welcome to the Annual General meeting for Broken Hill Prospecting Limited. This has been an excellent year for your company as we advance our exciting heavy mineral sands projects in the New South Wales' Murray Basin. My fellow Directors and the company's management greatly appreciate the support that shareholders have provided during a year which, for many small mining companies, has been a very difficult one.

The managing director will shortly outline our prospects for 2016 and 2017, which we believe will be very attractive as we advance plans to become a mineral sands producer.

The Directors' report for the year to 30 June 2015 has been circulated with the Annual Report. Before I table the Annual Report, together with the Financial Statements and the report of the Auditors, I would like to provide an outline of our recent successes.

Zirconium and Titanium

In mid-2014, the Company recognised that substantial zirconium and titanium deposits existed within areas that had been prospected by mineral sand miners over several decades before they were recently relinquished. Our geology team applied for, and was granted, the most prospective of these areas at almost no cost.

Five new exploration licences were granted to Broken Hill Minerals Pty Ltd (BHM), a 100% owned subsidiary of BPL, and two of these were swiftly joint ventured to a private investment group which is funding A\$2 Million assessment of several substantial deposits. Recently, another exploration licence was granted and added to that joint venture.

Your company now controls the largest exploration acreage for mineral sands in NSW. We are the state's top explorer for titanium and zirconium in the Murray Basin, a world-class heavy mineral sands province. Our intention is to maintain this momentum and advance a sequence of high-grade deposits using modern, modular and mobile mining plants to become a substantial HMS producer.

Maiden Resources for two Deposits

Extensive drill testing has been undertaken at two deposits - Copi North and Magic. Results have been impressive, with many excellent, high-grade drill intersections. Maiden resources were announced for Copi North in late July and for Magic in September.

At Copi North, a Resource of 11.6 million tonnes of 6.9% heavy minerals was estimated by independent resource consultants using BPL's drill hole data plus information collected from records of previous company work. Our new drill results were outstanding. The high average grade of the deposit is about twice the head-grade of nearby operating mines. Also, the mineral make-up of the mineral sands includes a relatively high proportion of the valuable zircon (11.3%) and rutile (10.8%).

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The Magic deposit is located between Copi North and Broken Hill, and is close to the Silver City Highway. It contains an Inferred Resource of 15 million tonnes of HMS with an average grade of 3.7% heavy minerals. Although lower grade, the Magic mineralisation is close to surface and has higher content of zircon (14%) than Copi North.

100% owned Heavy Mineral Sands projects

In addition to the HMS joint venture licences, we have three other 100%-owned Exploration Licences for titanium and zirconium in the Murray Basin. Each of these include HMS deposits that have been located and drilled by other parties and that have high-grade and shallow mineralised intersections.

The Company intends to drill test the most promising of these deposits and is seeking a partner to help with the work.

Fast Track for Future Development

We consider that development and operating costs will be attractive for future mining because of the relatively coarse nature of the mineral-bearing sands, their high grades and the relatively shallow depth of the mineralised horizons. Regional infrastructure and mine support services - which have developed over more than 120 years of mining in the Broken Hill district - will assist to progress mine development.

The Company is currently undertaking scoping and environmental surveys on the Copi North HMS deposit. These are expected to be finalised late this calendar year, and will be followed by a Pre-Feasibility study in mid-2016. Further drill testing is also planned to seek a western extension to the high-grade Copi North strand (the Sunshine Project) and to test the nearby Copi South HMS deposit.

It is not inconceivable that any development would lead to a mining rate of 1.4 million tonnes per annum and production of about 100,000tpa of heavy mineral sands. Depending on costs and mineral prices, a development of this scale could produce considerable income for your Company.

New Directors

Please allow me now to introduce two Directors who joined the Board in August 2015.

Mr Denis Geldard was appointed as an independent, Non-executive Director on 3 August 2015. Denis has more than four decades of technical and operational experience in exploration and project development in Australia and overseas. This includes over 20 years of experience in the heavy mineral sands industry with companies including Western Titanium Ltd, Associated Minerals Consolidated and Iluka Resources. Denis is a mining engineering graduate from the Kalgoorlie School of Mines in Western Australia.

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Mr Geoffrey (Geoff) Hill was appointed to the position of Non-executive Director of the Company, commencing 27 August 2015. Geoff was previously a founding director of the company and has had a 20 year association with Broken Hill Prospecting and its predecessors. He has considerable expertise in providing corporate advice to mining companies. Mr Hill represents the company's major shareholder, SoCo Ltd. Mr Hill is a non-independent director.

Denis and Geoff join my fellow Directors Mr Matthew Hill and Dr Ian Pringle (Managing Director) who are both in attendance, along with Francesco Giroto, our Company Secretary.

Cobalt and Sulphuric Acid remain important longer term projects

We remain very optimistic about the future of the Thackaringa cobalt-pyrite project near Broken Hill, but recognise that it will take a relatively long time frame and high capital cost to progress through the stages of assessment, development into production. This is because of the unique type of mineralisation, and the likely very large and complex nature of future processing and marketing activities.

Recently, several parties approached us seeking joint venture or off-take agreements for cobalt or sulphuric acid, but we have yet to progress these discussions into acceptable terms for your Company.

The Thackaringa cobalt-pyrite deposit is considered one of the world's largest undeveloped cobalt projects without the presence of other metals such as copper or nickel. It is well located and offers security for long-term cobalt and sulphuric acid production. During the next year, we will continue our search for a partner to help develop a chemical business based on processing cobalt-pyrite concentrate.

Well Funded

In late June, the Company closed a fully underwritten 1 for 4 non-renounceable rights issue to raise over \$994,000. Combined with the funding for Heavy Mineral Sands joint venture projects, this means that we currently have more than \$1.3 million in cash reserves.

On behalf of the Board of Directors of Broken Hill Prospecting, I thank staff and contractors for their diligent work during the year. I look forward to further positive outcomes as investigations on the Company's outstanding mineral deposits are progressed.

I also look forward to in better market conditions, and being able to report on further shareholder value enhancement as we move to commercial production on our valuable new projects

Creagh O'Connor AM
Chairman, Broken Hill Prospecting Limited

Competent Person Statement

Exploration activities and sampling results contained in this notice are based on information compiled by Dr Ian Pringle who is 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 2012 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.

The information in this report that relates to Mineral Resources for the Copi North HMS Deposit is based on information reviewed by Sue Border, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Sue Border has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the exploration activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Sue Border consents to the inclusion in the report of the matters based on this information in the form and context in which it appears. Sue Border is not an employee or a related party of the Company or its subsidiaries. Sue Border is a Director/Principal Geologist of Geos Mining.

The information in this report that relates to Mineral Resources for the Magic HMS Deposit is based on information compiled by Mr. Greg Jones who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Jones is the Principal for GNJ Consulting and was retained by Broken Hill Prospecting Limited to conduct Mineral Resource estimation for the Magic deposit. Mr. Jones has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the JORC Code 2012. Mr. Jones consents to the inclusion in this ASX release of the matters based on his information in the form and context in which it appears.

About Broken Hill Prospecting Limited ("BPL")

BPL has commenced assessment of heavy mineral sand deposits (titanium and zirconium) located south of Broken Hill in western NSW. These deposits have been extensively explored and drill tested by other parties and provide the Company with an opportunity to progress advanced evaluation and fast-track development of several substantial high-grade heavy mineral sand deposits.

About Heavy Mineral Sands - Australia has the world's largest deposits of the titanium minerals ilmenite and rutile and a substantial producer of zircon. We extract and refine Ti and Zr, but don't process it in large quantities. Titanium is used in jewellery and alloy metals, 3D printing and heavy industrial parts, but 95% is used in an oxide form as the pure white colour crucial in products from paint to cosmetics. Titanium's strength-to-weight ratio, corrosion resistance and biocompatibility make it perfect for aerospace, medical and sport applications. Zirconium is also a corrosion resistant metal that is used in high performance pumps and valves. It is widely used in the nuclear industry for cladding fuel elements. Large quantities of zircon are used in glazes by the tile, sanitaryware and tableware industries.

BPL is also progressing with exploration and evaluation of cobalt-pyrite deposits in the Broken Hill area within two exploration tenements (EL6622 and EL8143) and two mining leases (ML86 and ML87).

Broken Hill prospecting Limited is in an excellent position to take advantage of increasing demand for cobalt to meet growth in environmental and industrial uses including rechargeable batteries in automobiles and super alloys. As a co-product sulphuric acid could address Australian reliance on imported sulphur and provide opportunities for phosphate fertiliser and mineral processing industries.

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