

19th November 2014

CHAIRMAN'S ADDRESS - Broken Hill Prospecting Limited, Annual General Meeting

Dear Shareholders,

Broken Hill Prospecting has made some excellent progress since last year's Annual General Meeting. I am pleased to welcome you to our 2014 AGM and to update you on these exciting developments.

The Company has progressed with an opportunity to acquire twenty known heavy mineral sand deposits south of Broken Hill. In mid-2014 Broken Hill Minerals Pty Ltd, a wholly owned subsidiary of BPL, applied for five new Exploration Licences covering 890 square kilometres which are located in the Murray Basin south of Broken Hill. Work on these by other exploration companies has established that some have considerable extent and high contents of the titanium minerals ilmenite, leucoxene and rutile as well as considerable zircon. Despite high titanium dioxide (TiO₂) contents in many of these deposits previous explorers focused their work on larger and lower grade resources which could be bulk treated by conventional mining and processing. BPL is planning to apply several new advances in technology to evaluate the most promising of the deposits. Mineral sand separation processes developed over the last decade now allow low-cost separation of fine-grained sand fractions and this could add considerable project value.

I am pleased to inform shareholders that the five Exploration Licences have recently been granted and BPL is planning to commence field assessment of the largest and highest grade portions of the deposits. The Company will seek to establish commercial viability for relatively small, near-surface and high-grade deposits (>8% heavy mineral content) which can be developed using relatively low-cost, open cut, dry mining and processed using a purpose built, mobile or modular mineral separation plant. The mineral sand prospects are shallow, commonly beneath less than 20-25 metres of cover, and in several cases mineralisation occurs at surface. BPL will benefit from industry and community support and infrastructure already in place for operating sand mines in the district and this will help to lower evaluation and future development costs.

The Company's established project, the Thackaringa cobalt deposit, is shaping to be of world-class size and may represent one of the world's largest undeveloped cobalt resources without copper or nickel bi-product. BPL's vision is to produce cobalt-pyrite concentrate with an average grade of about 0.45% cobalt and this could provide the feed source for a sulphide-roast sulphuric acid plant. BPL will continue to seek assistance from large mining and/or chemical groups to develop the deposit and has received considerable interest from both locally and overseas based companies.

Unlike many other metals, cobalt price has increased during 2014, rising from US\$27,000 per tonne to over \$30,000 per tonne on the London Metal Exchange. In part, this has been because the Democratic Republic of Congo which produced more than half of world cobalt production in 2013 is struggling to provide infrastructure for mine development. A renewed interest in cobalt has also stemmed from plans to produce cobalt-based lithium batteries to power future rechargeable electric cars. Multinational technology companies like Tesla and Panasonic have announced plans for 'gigabattery' factories which will require many thousands of tonnes of additional cobalt for new technology automobiles.

Earlier this month BPL completed a private placement to various sophisticated and professional investors to raise A\$441,798.29 before costs. This was the maximum placement capacity allowed under ASX Listing Rules 7.1 and 7.1A, and I am pleased to inform investors who were unsuccessful in this placement that a pro-rata rights issue on a comparable basis will be offered to existing shareholders in early 2015. Funds from the placement and the planned rights issue will be used to progress assessment of the Company's heavy mineral sand deposits.

Following the meeting I invite you to attend an update from Dr Ian Pringle, our Managing Director who will outline the Company's vision for 2015 and discuss details of the recently acquired heavy mineral sand deposits.

On behalf of the Board of Directors I would like to thank shareholders for their support in what has been a very positive year for Broken Hill Prospecting Limited.

Creagh O'Connor AM
Chairman

Broken Hill Prospecting Limited

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