

23 April 2013

ASX Announcement

## **Broken Hill Prospecting could benefit by recent DRC bans**

- **DRC bans on exports of cobalt (and copper) concentrate could significant effect cobalt prices and supply and demand for the metal**
- **The announcement has resulted in an immediate hike in cobalt prices**

The Government of the Democratic Republic of Congo ('DRC') has announced that it will ban exports of cobalt and copper concentrates in order to encourage production of value-added products in the country. Following the announcement an increase in cobalt price has occurred and future cobalt exports from the DRC have become uncertain.

On 5<sup>th</sup> April, Mining Minister Martin Kabwelulu gave companies with producing metal mines in the DRC 90 days to clear their concentrate stockpiles before the ban is enforced. Kabwelulu is quoted by Reuters as confirming... "Little by little, within the next three months, we need to no longer export concentrates".

Last year, the DRC was the largest cobalt producer with over 60% of the world's production. The country was also the eighth largest copper producer, with copper production of approximately 500,000 tonnes per year.

In order to avoid the ban, Freeport-McMoRan, the largest cobalt producer in the DRC must show that the cobalt hydroxide produced at the large Tenke Fungurum project is a 'finished product'. The new ruling could potentially impact the Freeport's recently acquired Kokkola cobalt refinery in Finland.

**Broken Hill Prospecting Ltd ('BPL') does not have any ownership in cobalt mines or prospects in the DRC, however, BPL does have a 100% ownership of the largest undeveloped stand-alone cobalt deposit outside of the DRC (Thackaringa Cobalt project, Broken Hill, NSW) and as such BPL could be affected by cobalt supply and demand issues relating to the DRC announcement.**

BPL's resource base has recently been estimated as 35.7 million tonnes of cobalt-pyrite mineralisation with an average grade of 1.85 pound per tonne cobalt (Inferred Resource, JORC (2004)). This equates to over 30,000 tonnes of contained cobalt metal.

In addition, resource estimates at the Thackaringa deposits have identified Potential for an additional 37-59Mt of pyrite with similar cobalt grade (containing another 63 to 101 million pounds of contained cobalt)\*. BPL's deposits are shaping to be of world-class size and they are all still open along trend and extend to considerable depth.

Cobalt prices reported on the London Metals Exchange ("LME") during the last month are plotted in Figure 1. Note that cobalt prices have increased significantly from about US\$25,000/tonne at the time of the Ministers announcement to the recent cash buyer price of US\$26,750/tonne.

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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.*

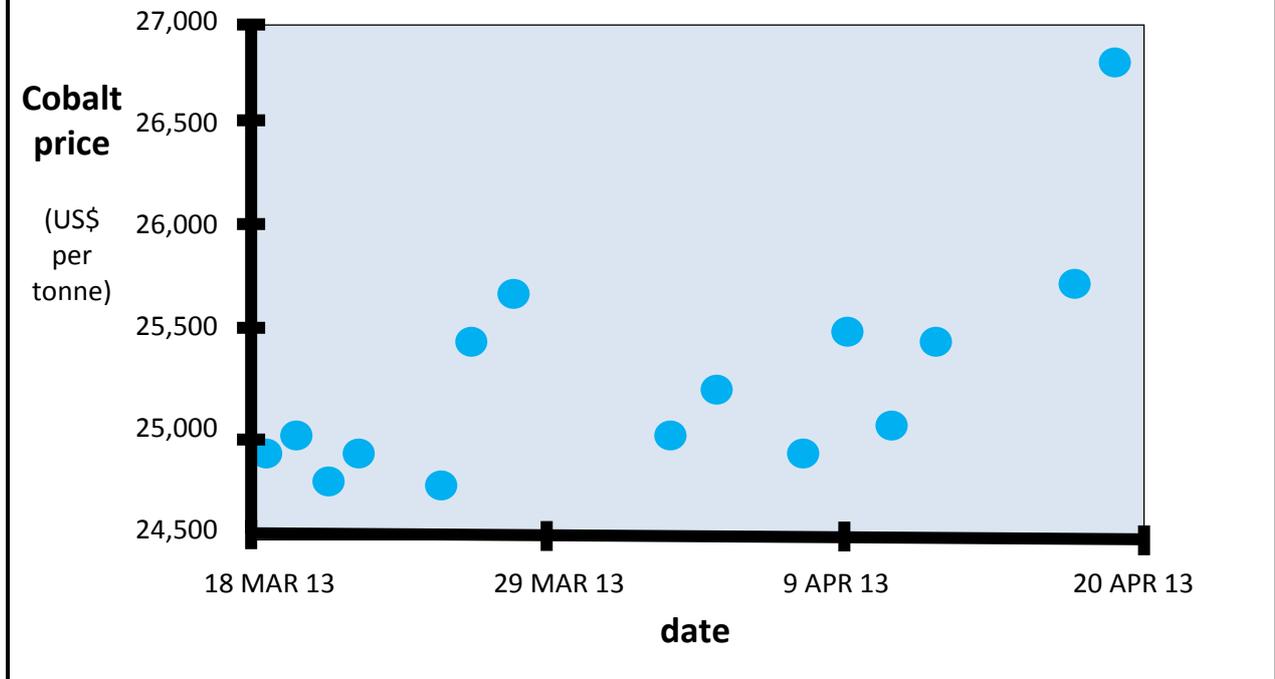
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**Figure 1. Cobalt price data from the London Metals Exchange**  
(source; [www.lme.com](http://www.lme.com))



Ian J Pringle  
(Managing Director)

**Competent Person Statement**

*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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**About Broken Hill Prospecting Limited (“BPL”)**

BPL is progressing with exploration and evaluation of cobalt-pyrite deposits in the Broken Hill area. Within an exploration tenement (EL6622) and two mining leases (ML86 and ML87) BPL has located cobalt mineralisation (Inferred Mineral Resources) which total 35.7 million tonnes at a combined average grade of 1.85lb/tonne cobalt (Pyrite Hill, Railway and Big Hill deposits) as well as potential mineralisation between 37-59Mt of similar grade at the Pyrite Hill and Railway Deposits (Hellman & Schofield, Nov 2011 and H&SC, July 2012). Exploration for additional cobalt-pyrite mineralisation along-trend and at depth beneath these deposits is in progress.

BPL is in an excellent position to take advantage of an increasing demand for cobalt and sulphuric acid to meet growth in environmental and industrial uses ranging from rechargeable batteries in automobiles to fertiliser production.

BPL is among the next generation of companies that is exploring for major new mineral deposits near the historic western NSW mining centre of Broken Hill, where more than 200 million tonnes of high-grade base metal ore worth an estimated \$80 billion has been produced during the past 127 years.

**Cobalt Statistics**

- Cobalt price (LME): US\$26,750 per tonne (approximately \$14 per pound).
- 1 pound = 0.4536 kilograms
- Mines in Central Africa accounted for over 65% of cobalt production in 2012 and most came from the Democratic Republic of Congo.
- The USA accounted for 58% of cobalt consumption in 2010.
- The USA, Japan, and the European Union have no producing cobalt mines.
- China imported ore from Africa and produced 43% of refined cobalt production in 2010.
- More than 95% of cobalt production is a by-product of copper or nickel mining.
- Lithium-ion batteries contain up to 60% cobalt and will be widely used in the new generation of electric vehicles.
- Cobalt is used in a wide range of industries (including production of super alloys and hardened metals) where high heat and wear tolerance is required (aircraft, turbines, windmills, military hardware), high-strength magnets, carbides and diamond tools, catalysts (petroleum production), colouring (cobalt blue), adhesive, soaps, driers and food supplements (vitamin B12).

**For further information contact;**

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Broken Hill Prospecting Ltd has recently reformatted and updated its website which covers or links to recent news, metal prices, share price as well as project and Company information. Please visit our site at [www.bhpl.biz](http://www.bhpl.biz)

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