

30 October 2012

Australian Stock Exchange Limited
Exchange Centre,
Level 6, 20 Bridge Street,
SYDNEY, NSW 2000

**BROKEN HILL PROSPECTING LTD
QUARTERLY REPORT FOR THE PERIOD TO 30 SEPTEMBER 2012**

Broken Hill Prospecting Limited (“BPL”) is pleased to provide the following report on corporate news and exploration activities undertaken at the Company’s projects (Figure 1) during the three month period ending 30 September 2012. Additional information about the Company is available on BPL’s website at www.bhpl.biz.

Highlights “Cobalt Resource estimates have more than doubled in 12 months”

A resource update in late July has shown that over a 12 month period BPL has upgraded estimation of the contained cobalt (“Co”) of the project in reportable JORC Inferred Mineral Resources from 32 million pounds to 66 million pounds. In addition, the evaluation has also estimated between 63-101 million pounds of Potential* contained cobalt (of similar average grade).

Thackaringa Project - summary (27th July 2012)	Million tonnes	Cobalt (ppm)	Cobalt (pound/t)	Contained Co (million pounds)
Inferred Mineral Resources total	35.7	841	1.85	66
Potential*	35 - 59	775	1.7	63 - 101

Table 1. Summary of Mineral Resource and Potential

- A maiden Inferred Mineral Resource Estimate for the Railway Cobalt Deposit was reported as 14.9Mt of 1.83lb/t Co (27MIb of contained cobalt)
- Additional Potential* of the Railway Cobalt Deposit has been estimated as 23-35Mt of similar mineralisation
- The combined Inferred Mineral Resources of the Railway, Pyrite Hill, and Big Hill Deposits has been upgraded 70% to 35.7Mt of 1.85lb/t Co (66MIb of contained Co) from the November 2011 estimate of 20.8Mt of 1.87lb/t Co.
- The new estimate for a combined Railway and Pyrite Hill Potential* is between 37-59Mt of mineralisation of about 1.7lb/t Co
- Scoping studies of future processing options are well advanced.

**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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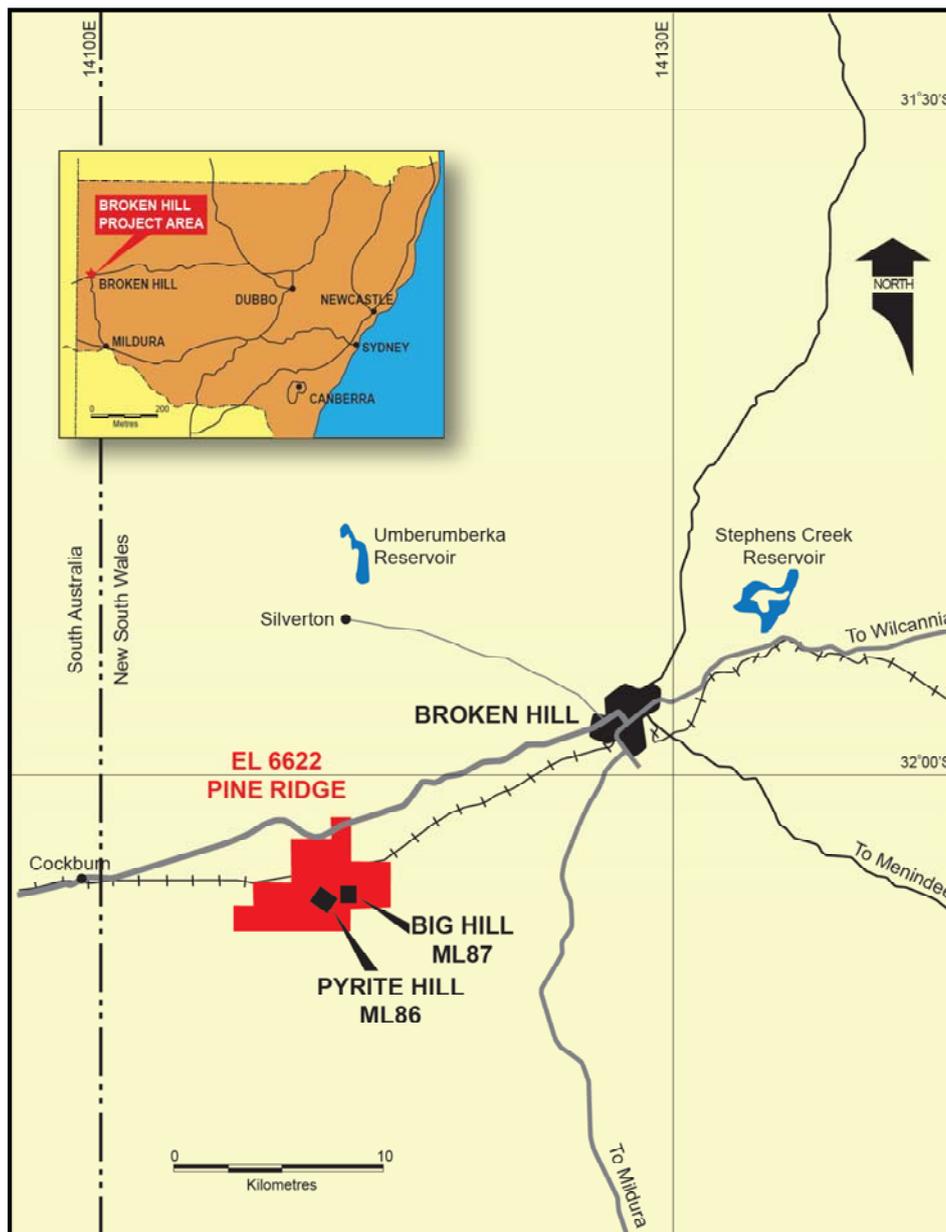


Figure 1. Project Location Map, western NSW

Resource Estimation

A maiden Mineral Resource Estimate was calculated for the Railway Cobalt Deposit (27 July, 2012) and this work has increased the estimated size of the combined Inferred Mineral Resources (Pyrite Hill, Big Hill and Railway) from 20.8 million tonnes ('Mt') of 1.87 pounds per tonne ('lb/t) of cobalt ('Co') to an Inferred Mineral Resources total of 35.7Mt of 1.85lb/t Co, a 70% increase in contained cobalt (Table 2, new results highlighted in yellow).

The Railway Cobalt Deposit study also defined additional Potential for between 23 and 35 million tonnes of cobalt mineralisation of similar grade peripheral to the new Railway

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Resource. The Railway Cobalt Deposit Inferred Mineral Resource and Potential mineralisation occur from near surface to 250m deep and are open at depth and along trend.

The study was undertaken by H&S Consultants Ltd ('H&SC', formerly Hellman & Schofield Pty Ltd) and was reported in accordance with JORC Code (2004) standards. The work assumes continuity of mineralisation along trend and considerable more infill and step-out drilling is required to define the extent of the mineralised system. The results of this recent study as well as several previous resource evaluations are summarized in Table 2.

STUDY	Million tonnes	cobalt (ppm)	cobalt (lb/t)	contained Co (million lbs)
1. Pyrite Hill Mineralised Zone (Hellman & Schofield, Nov 2011)				
Inferred Mineral Resource	16.4	832	1.83	30
Potential	14 - 24	771	1.7	24 - 41
2. Big Hill Cobalt Deposit (CRAE Ltd)				
Inferred Mineral Resource	4.4	906	2.00	8.8
3. Railway Cobalt Deposit (H&SC, 27th July 2012)				
Inferred Mineral Resource	14.9	831	1.83	27
Potential	23 - 35	777	1.7	39 - 60
Total Project Resources (July 2012)				
Inferred Mineral Resources	35.7	841	1.85	66
Potential	37 - 59	775	1.7	63 - 101

Table 2. Mineral Resource Estimates (using 500ppm cobalt cut-off). Potential occurs within the modeled envelope of mineralisation but it is not included in the Inferred Mineral Resource because of the absence of nearby drilling. There is no certainty that additional drilling will result in up-grade of Potential to Mineral Resource.

Field Activities

Detailed geological mapping traverses and rock chip sampling from Big Hill to Railway North were commenced and regional reconnaissance and surface sampling of the area southwest and south of the Pyrite Hill South prospect and at Alders Tank prospect were undertaken.

Fieldwork has discovered areas of scattered gossanous (weathered pyrite) rocks, overlooked by previous studies and these are commonly associated with quartz-albite-pyrite gneiss which is the host rock-type of cobalt mineralisation in the project area. They include

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numerous gossanous units as well as fresh pyrite-bearing banded units which are inter-layered with zones of finely disseminated pyritic gneiss. Data collection has included estimation of pyrite content, extent of each pyrite unit, sample location, and structural information. The detailed data will provide surface control to help with geological interpretation and the information will be invaluable for future mine design.

Several hundred surface rock chip samples have been forwarded to assay laboratories for analyses of cobalt and base metals.

Scoping Study

All of the known cobaltiferous pyrite mineralisation is located near-surface and could be mined by open cut methods. The pyrite can make up most of the rock but it is usually between 10-30%. It contains almost all of the cobalt and, as a first step to separation of the cobalt, future processing of ore during any mine development is likely to require concentration of the pyrite by gravity, and/or flotation methods. The pyrite concentrate can then be further processed on site or sent elsewhere to recover the cobalt and sulphuric acid.

Broken Hill Prospecting Ltd has commissioned GHD* to undertake process scoping studies of possible future development scenarios for the project. The aim of these is to investigate recovery of pyrite for off-site generation of sulphuric acid, as well as any additional revenues for the contained cobalt and iron. The studies will assist the Company in considering development options for the project based on nominal ore-process rates ranging between 1.5 - 7.5 Million tonnes per annum (Mtpa).

The options which are being investigated are:

- Crush/grind/flotation/dewatering for both 1.5Mtpa and 7.5Mtpa throughput
- High-grade crushing without concentration (1.5Mtpa)
- Medium grade ore with coarse gravity upgrade (1.5Mtpa)
- Medium grade ore with coarse and sands gravity upgrading (1.5Mtpa)

The studies will provide initial indications of capital and operating costs (CAPEX and OPEX) of possible future development options for the project. They will include staged mine development options with early, small scale (1.5Mtpa) direct treatment of high-grade ore and will focus on low capital expenditure to establish an early revenue stream by using existing infrastructure.

BPL expects to be able to report on the results of the studies in early November.

Annual General Meeting

BPL's Annual Meeting of Shareholders will be held on Thursday 29th November 2012 at Level 14, 52 Phillip Street, Sydney at 11:00am (Sydney time) and simultaneously via audio connection in 545 Parnell Road, Parnell, Auckland (New Zealand) at 1:00pm (NZ time).

**GHD is an international network of engineers, architects and environmental scientists serving clients in the global markets of water, energy and resources, environment, property and buildings, and transportation. Information on GHD can be found at the GHD website at www.ghd.com/ghd-australia/.*

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Planned Work

BPL is planning a drilling program to test the depth extent of the central part of the Railway Cobalt Deposit where high zinc and silver intervals were intersected in drillhole BER004 during early 2012. The planned work will include diamond drill core sampling through the main envelope of cobalt mineralisation at Railway and will test the depth extent of the zinc-silver mineralized rocks. Anomalous intervals intersected by BER004 included;

- # 1.3% Zn and 15g/t Ag between 108-111 metres depth down hole (including 1.5% Zn, 40g/t Ag and 0.35% Pb between 108-109m), and
- # 3.5% Zn and 6g/t Ag between 120-126 metres depth down hole (including 6.1% Zn, 12g/t Ag and 0.15% Pb between 121-122m)

The proposed deep drilling will target the depth extent of this zinc-lead-silver anomaly and underlying cobalt mineralisation as well as adding further definition of the extent of near-surface cobaltiferous pyrite in the central and western portions of the Railway Deposit. This work is expected to be completed in early 2013.

Yours faithfully,



Ian J Pringle
(Managing Director)

Competent Person Statement

Robert H. Spiers consents to being named the competent person under the JORC code in relation to the Railway Cobalt Resource Estimates. He is a Competent Person as defined by the 2004 JORC Code. Information in this release relating to the H&SC 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 23Mt and 35Mt 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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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 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 (a possible bi-product from future processing) to meet growth in environmental and industrial uses ranging from rechargeable batteries in automobiles to fertilizer 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\$27,000 per tonne (approximately \$14 per pound).
- 1 pound = 0.4536 kilograms
- Mines in Central Africa accounted for over 65% of cobalt production in 2011 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;

Dr Ian Pringle, Managing Director, Broken Hill Prospecting Ltd +61 408 548 767
Australian media - Alan Deans, Partner, Last Word Corporate Communications +61 427 490 992

The Company 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

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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Broken Hill Prospecting Limited

ABN

83 003 453 503

Quarter ended ("current quarter")

30th September 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(108)	(108)
(b) development	-	-
(c) production	-	-
(d) administration	(285)	(285)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(386)	(386)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(386)	(386)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(386)	(386)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(386)	(386)
1.20	Cash at beginning of quarter/year to date	1,465	1,465
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,079	1,079

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	144
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to directors and related entities	\$A'000
Directors' fees	\$63
Management fees to related entities	\$79
Marketing, promotion, web-site maintenance	\$ 2

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

n/a

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

n/a

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	290
Total	390

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	32	25
5.2 Deposits at call	347	340
5.3 Bank overdraft	-	-
5.4 Other (provide details) Term Deposits	700	1,100
Total: cash at end of quarter (item 1.22)	1,079	1,465

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	n/a		
6.2	Interests in mining tenements acquired or increased	n/a		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

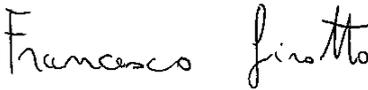
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	82,581,900	29,257,011	n/a	n/a
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	1,500,000 11,190,950 29,650,000	Nil 11,190,950 Nil	<i>Exercise price</i> 24c 20c 20c	<i>Expiry date</i> 17/2/2013 17/2/2014 17/2/2016
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)	-	-
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.


 Sign here: Date: 30/10/2012
 (Company secretary)

Print name: .Francesco Giroto.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.