

COBALT DEPOSIT CONTINUES AT DEPTH

Drilling has intersected depth extension of high-grade cobalt at the Railway Cobalt Deposit

Assays of samples from the recent deep drill hole (BED001) have been completed and the data include a considerable width of cobaltiferous pyrite.

Highlights from the diamond drill hole which was drilled from the central part of the Railway Cobalt Deposit to target deep mineralisation along the western edge of the deposit include:

- 44.5 metres of 1.48lb/t cobalt between 247-291.5 metres, including;
- 19.5 metres of 2.26lb/t cobalt between 272-291.5 metres.
- Narrow intervals of silver, zinc, and lead mineralisation including 0.9m of 62g/t silver, 2.63% zinc and 1.05% lead between 245.2-246.1 metres

BED001 was angled to intersect high-grade cobaltiferous pyrite mineralisation at a vertical depth of approximately 270 metres beneath the western edge of a zone which trends for more than 1.5 kilometres and is up to 300 metres wide (Railway Cobalt Deposit).

The drill results give confidence that the cobalt-pyrite rock extends to considerable depth and as such may form a very much larger deposit than indicated by the shallow drilling of previous work.

Summary

BPL's first diamond drill hole (BED001) at the recently discovered Railway Cobalt Deposit at the Company's Thackaringa Cobalt Project near Broken Hill in NSW was drilled earlier this year and assaying of the sampled drill core has been completed.

BED001 was positioned to test about 80 metres to the south of BER004 and BER018 and to determine the geology of the central and western portions of the Railway Deposit (Figure 1). The drilling was undertaken by Macquarie Drilling Ltd.

Considerable cobalt mineralisation was intersected between 247-291.5 metres down-hole and below disseminated minor pyrite, and thin zones of pyritic fracture fill which occur intermittently below about 87m and include several zones containing disseminations and minor veining with trace zinc (gahnite, sphalerite) and lead-silver (galena) minerals. BED001 was continued into unmineralised hanging wall rocks to 348.2 metres total length.

Significantly mineralised intersections are summarised in Table 1. The cobalt mineralised intersection between 272-291.5 metres averaged 2.26lb/t Co and is very similar in thickness and grade to the zones intersected in BER018 and BER004 (Figure 1), both shallow reverse circulation drill holes which were completed in mid-2012. The deep intersections in BED001 clearly show that the high grade mineralisation continues for at least 100 metres deeper than the previous drilling and appears to extend with similar grade and thickness.

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Silver, zinc and lead mineralisation occurs in BED001 east of the main cobaltiferous zone and these are likely to be a deeper extensions of anomalous base metals intersected in BER004.

During late 2012, BPL completed scoping studies to investigate options for processing between 1.5 to 7.5 million tonnes per year of ore by open cut mining with annual production of pyrite concentrate with up to 7,000 tonnes of contained cobalt and the potential for the pyrite to form feedstock for the supply of large volumes of sulphuric acid to a wide variety of industrial and processing industries.

Further assessment and development of BPL's 100% owned, near-surface deposits, alongside rail and near mining infrastructure at Broken Hill, will be helped by the excellent location of the project. BPL has commenced a search for interested parties to assist in funding further assessment and future development of the project which is shaping up to become one of the world's largest undeveloped cobaltiferous pyrite deposits.

Comment

Managing Director Dr Ian Pringle commented:

"This deep drill hole has shown that near-surface high grade cobalt-pyrite mineralisation along the western edge of the deposit continues below 270 metres vertical depth"

"Prior to this hole our resource base was 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)) and Potential¹ for an additional 37-59Mt of pyrite with similar cobalt grade (containing another 63 to 101 million pounds of contained cobalt).

"Clearly the deposits are shaping to be of world-class size and they are all still open along trend - now also extending to considerable depth. This drill intersection shows that the deposit may be very deep and could be very much larger than previous estimates."

"Broken Hill Prospecting is well positioned to take advantage of an increasing world demand for sulphuric acid which is an essential requirement for expanding markets in phosphate fertilisers, mineral processing and chemical industries. The company is now seeking a partner to help fund development of this 'world class' cobalt and pyrite (sulphuric acid) deposit."

Yours faithfully,



Ian J Pringle
(Managing Director)

¹ This Potential is conceptual in nature and more drilling is required to further define it and there with no certainty that more work will result in up-grade to Resource.

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.

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. 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.

For further information contact;

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Table 1. Summary assay data for drill hole BED001

hole number	from	to	interval *	cobalt (average grade **)	cobalt (average grade)	S	Fe	pyrite (calc ^{4*})	Co in pyrite (calc ^{5*})	Pb	Zn	Ag
	metres	metres	metres	g/t	lb/t ***	%	%	%	%	g/t	g/t	g/t
BED001	201.9	207.4	5.5	565	1.25	4.4	4.7	8.1	0.69	68	24	<1
	219	221.8	2.8	668	1.47	5.8	5.3	10.8	0.62	37	24	<1
	227.8	232	4.2	553	1.22	4.6	5.9	8.6	0.64	155	156	<1
	243.7	244.3	0.6	157	0.35	15.2	12.2	nc	nc	0.23%	0.94%	35
	245.2	246.1	0.9	124	0.27	20.4	15.0	nc	nc	1.05%	2.63%	62
	247	291.5	44.5	673	1.48	6.9	6.3	12.8	0.52	59	195	<1
<i>including</i>	272	291.5	19.5	1027	2.26	9.8	8.9	18.2	0.56	52	84	<1
<i>including</i>	276	288.1	12.1	1229	2.71	11.3	9.8	21.2	0.58	44	83	<1

Notes: BED001 was drilled from the collar of BER005 towards 305° (grid) at a dip of 60° to a total depth of 348.2m (Lat south 32 4 34 13, Long east 141 14 19 04). Samples were collected from sawn HQ3 diamond drill core (quartered).

* Drilled interval, approximate thickness.

** Weighted average of assays (>500g/t Co) of samples collected over selected lithological intervals. Assayed by ALS Minerals (method ME-ICP61) Certificate OR13025647.

*** pounds per tonne. 1 kilogram is equivalent to 2.20462 pounds.

^{4*} Calculated pyrite content of the sample assumes that all sulphur is contained in pyrite. nc = not calculated.

^{5*} Calculated cobalt content of the pyrite assumes that all cobalt is contained in pyrite.

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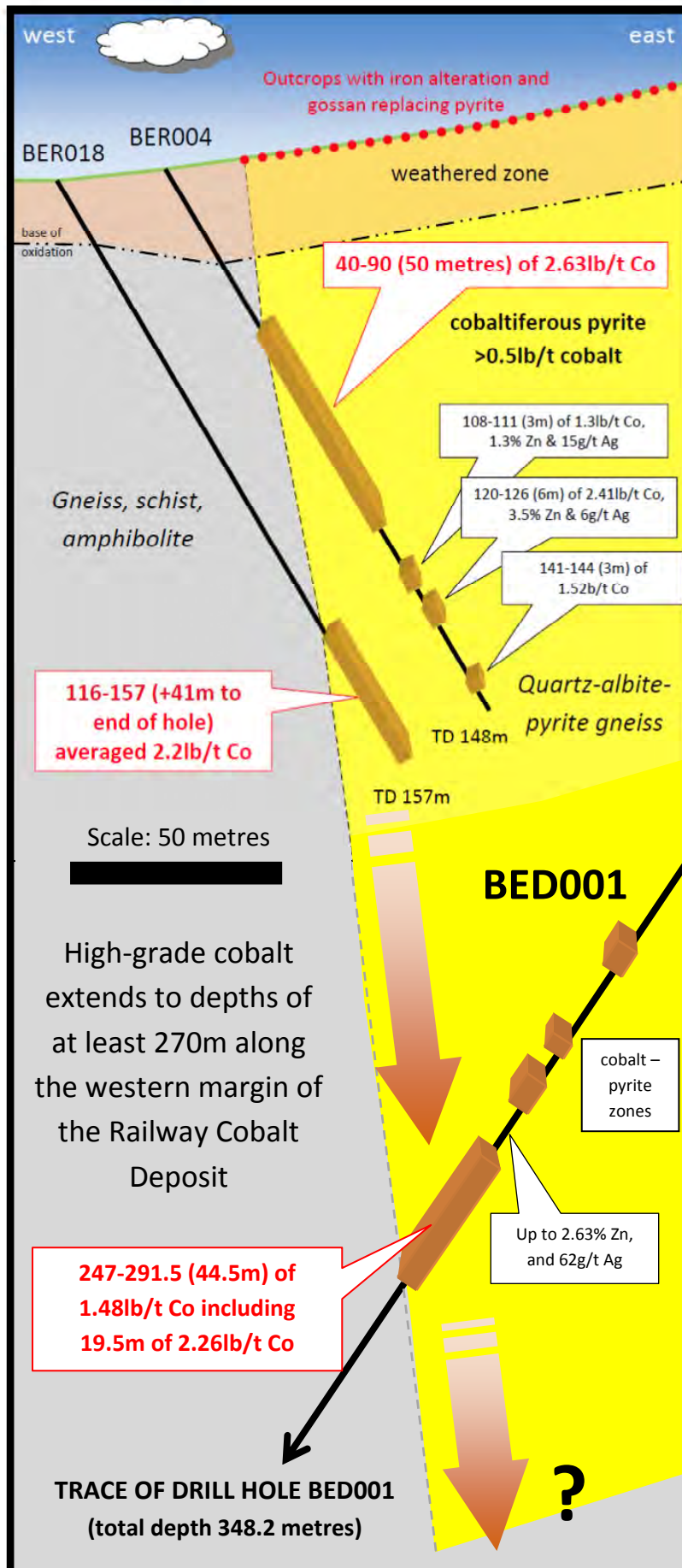


Figure 1.

Cross section through the western edge of the Railway Cobalt Deposit showing the trace of drill hole BED001 which intersected a high-grade zone of cobaltiferous pyrite at approximately 270 metres vertical depth.

Traces of RC drill holes BER004 and BER018 which were completed in mid-2012 are also plotted and these are located approximately 80 metres north of the line of this cross section.