

Quarterly newsletter - March 2012



Drill rig at Pyrite Hill South

Dear Shareholder and Broken Hill Prospecting Supporter,

Welcome to 2012 and the third newsletter for Broken Hill Prospecting Limited ('BPL'). We are looking forward to an exciting and eventful year ahead for BPL and this newsletter will update you on our plans over the next few months.

BPL's focus is to upgrade its cobalt deposits near Broken Hill, NSW. In mid-2011 additional drill work was completed at our Pyrite Hill deposit, significantly increasing the contained cobalt resource at the deposit by 55%. We are now planning another drill program to explore the large geophysical anomalies which we located in late 2011.

BPL's resource base is growing

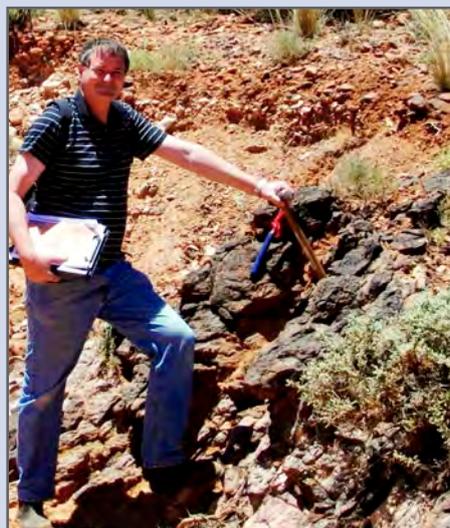
In late 2011 BPL completed an eight hole drilling program at Pyrite Hill. Analysis of the results of the program showed a 55% increase in contained cobalt at the deposit.

The new inferred resource of Pyrite Hill is 16.4 million tonnes of 1.83 pounds per tonne cobalt (30 million pounds of contained cobalt metal). The drilling also defined additional potential for between 14 and 24 million tonnes of cobalt mineralisation of similar grade and peripheral to the resource at Pyrite Hill – although this target is conceptual and more drilling is required for further definition.

Both the Pyrite Hill inferred resource and potential mineralisation occur from surface to a depth of 300 metres, are open at depth and are located along

trend to the north west of the Pyrite Hill deposit.

In addition, a 'near-surface' inferred resource of 4.4 million tonnes of 2 pounds per tonne cobalt occurs at the Big Hill deposit which is located about two kilometres east of Pyrite Hill.



Dr Ian Pringle at mineralised outcrops, Dec 2011

Cobalt used in Cancer treatment

"Without key isotopes like cobalt-60, potentially life-threatening diseases could go untreated," said Dr. Robert Atcher, former president of the Society of Nuclear Medicine.

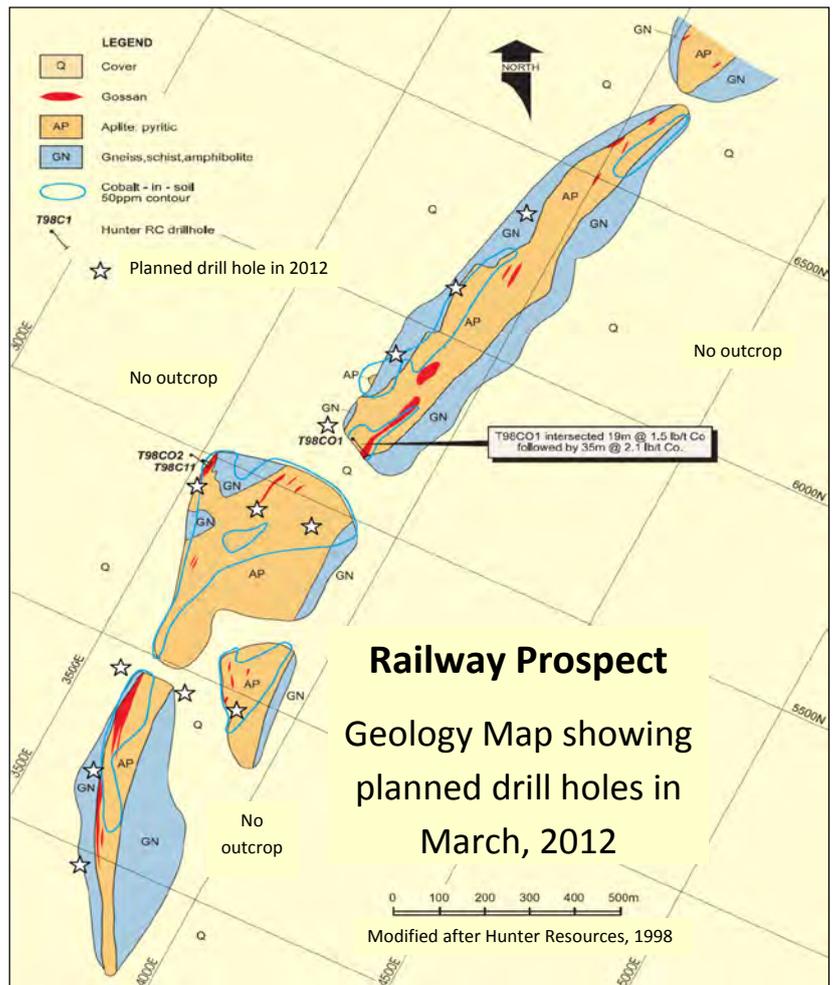
Concern is growing about the availability of cobalt-60, which is used as a radiation source in cancer therapy and only produced in small amounts in the US. The radioisotope is used in an estimated 15 million cancer treatments and more than 500,000 brain cancer treatments each year in the US.

In addition to cancer treatment, cobalt-60 is used to preserve food, decontaminate packaging materials, sanitise cosmetics and purify pharmaceuticals. More than 40% of US-manufactured medical devices, including syringes and bandages, are cleaned and/or sterilised using cobalt-60.

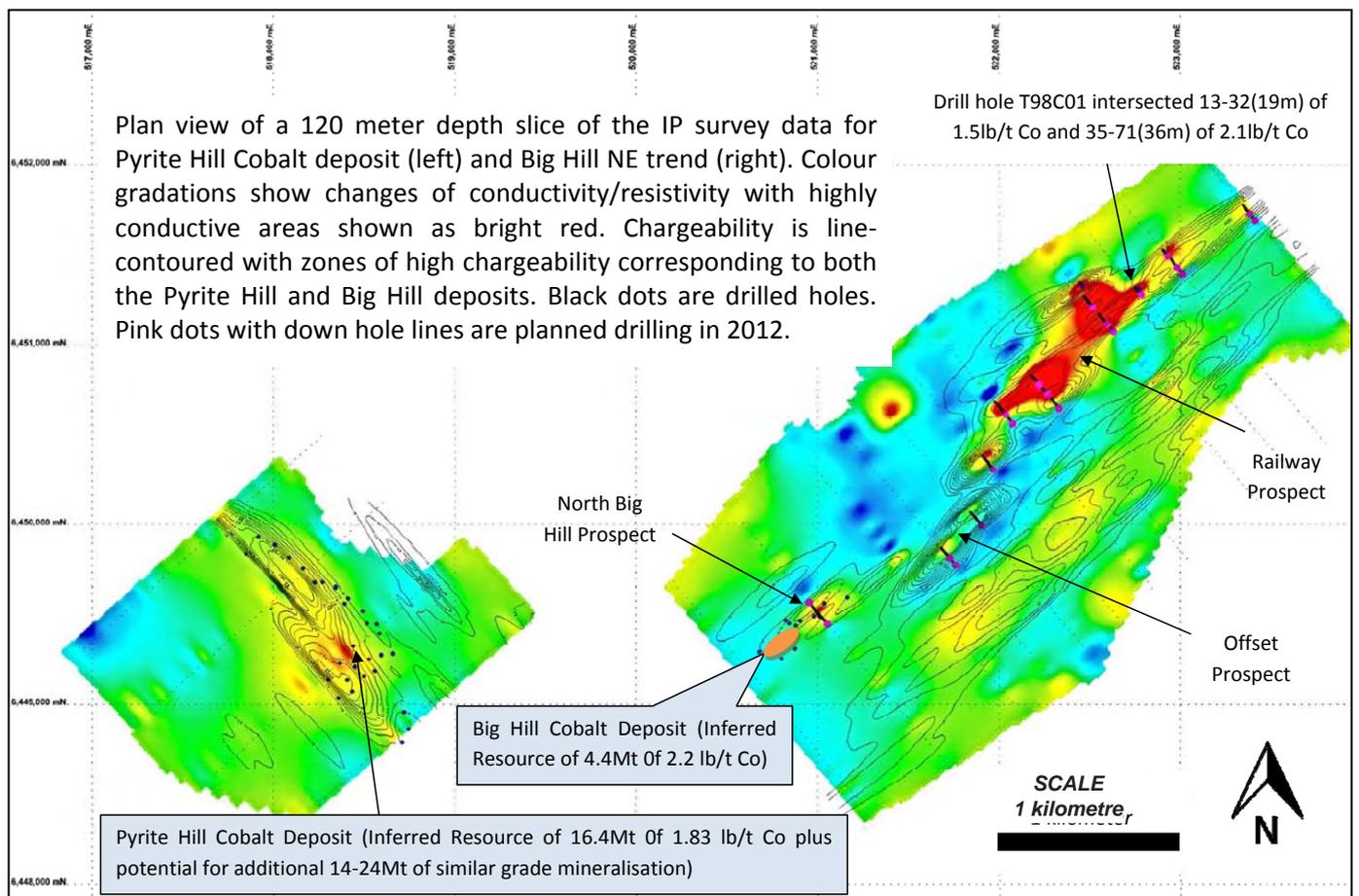
Drilling plans for the Railway and Offset Prospects

BPL has received government approval for drill testing of its north-eastern extension areas. This areas covers over four kilometres from the Big Hill deposit towards the north east and includes chargeability and conductivity anomalies at the Railway and Offset prospects. These are clearly extensions of the pyritic mineralisation which hosts the cobalt at Big Hill. Outcropping oxidized sulphide mineralisation with anomalous cobalt has been mapped at surface along most of the four kilometre trend. (Please refer to map 1 and 2 for details).

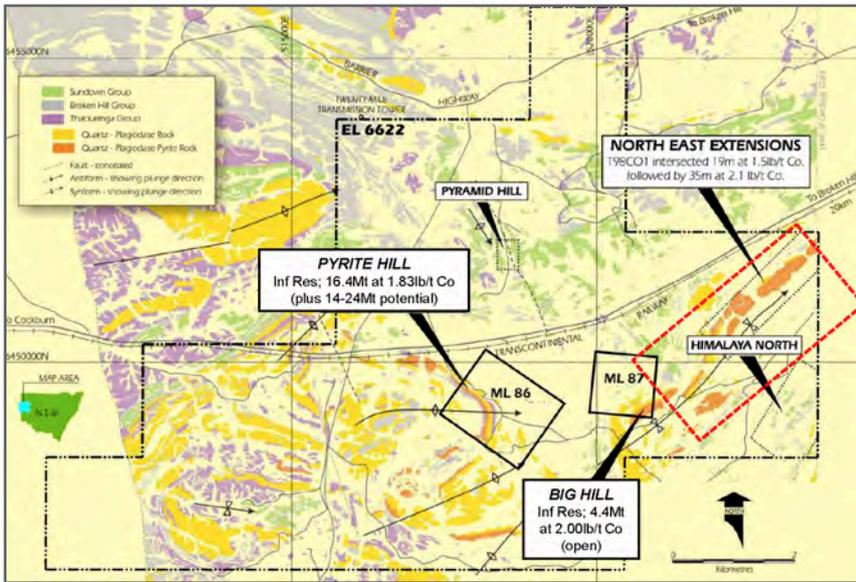
We have contracted Macquarie Drilling from Broken Hill to undertake a 3,000 metre percussion drill program which will test this trend at approximately 250 metre spaced drill profiles. The work will commence in mid March and results are expected during May.



Railway Prospect Geology Map



IP conductivity 120m depth slice



Railway and Offset Prospects Project Geology Map

Supply threats looming for cobalt

A recent report in Resource Investor by Philip Burgert, dated 9 February 2012, has highlighted a potential supply disruption of cobalt exports out of the Democratic Republic of Congo ('DRC'). The DRC has over 50% of world cobalt reserves and together with Zambia accounted for more than 60% of the world cobalt production in 2011. The report outlines how freight in the DRC could be plagued by supply

disruptions due to logistics and infrastructure problems and these could restrict cobalt quotas from China where most ores are shipped for refining. 'Located in central Africa, cobalt producing mines in the DRC and Zambia are located many hundreds of kilometres from sea ports and all rely on local truck transport along poorly maintained roads.

Resources and Energy Symposium 2012

BPL is presenting at the Resources and Energy Symposium 2012 in Broken Hill on 20-23 May 2012. We will be showcasing our work to delegates as well as having an exhibition booth. Our Directors and geologists will be available to discuss our projects. Please feel free to come along, however we recommend that you book early as the symposium is likely to be well attended. Check it out at www.symposium.net.au.

Other meetings

Dr Ian Pringle is presenting at the Sydney Mineral Exploration Discussion Group Meeting (SMEDG)

on Thursday, 22 March 2012 at 6.00pm, at the Rugby Club (located in Rugby Place, off 31 Pitt Street, near Circular Quay, Sydney). This hour long presentation will discuss the technical aspects of BPL's work. The talk will detail the geology and chemistry of our cobalt deposits. We are sure that you will be surprised at how these deposits are formed and the implications that this has for future exploration and development. For more information on SMEDG visit www.smedg.org.au. Ian is also presenting BPL's work at the Cobalt Development Institute Annual Meeting in Vancouver, Canada during 30-31 May 2012 (for more information visit www.the CDI.com) and at the 34th International Geological Conference in Brisbane 3-5th August 2012.

Strong demand for cobalt

The continued strong demand for cobalt is driven by growing numbers of cellular phones in developing countries, as well as other portable devices, lithium batteries for electric vehicles (these can contain up to 60% cobalt) and robust demand from super alloy industries.

Cobalt in battery applications has outpaced all other end uses and now accounts for 27% of overall consumption, compared to only 11% in 2002.

Mobile phones need cobalt

About 3.6 grams of cobalt is used in each cellular phone and since 2005 the number of mobile phone subscribers has increased from 2 billion to 5.8 billion in 2011. This rate is expected to climb higher in coming years as both the Chinese and Indian economies expand.

Growing numbers of laptop and tablet computers need cobalt

Core Consulting's Lara Smith told the recent Investing in Africa Mining Indaba that laptop and tablet computer growth since 2009 has increased by 35%. Core Consulting expects production to double over the next five years, requiring an estimated 11,000 tonnes of cobalt.

Electric vehicles need more cobalt

Approximately four kilograms of cobalt is contained in each hybrid electric vehicle battery and six kilograms is used for an electric vehicle. Core Consulting, using data from leading automotive manufacturers, have calculated that about 12-13 million hybrid and electric vehicles will be on the road by 2020 and needing as much as 30,000 tonnes of cobalt.

China is expected to produce about 80 million electric bicycles by 2015 and unless new technologies are developed, these will also need cobalt.

Political risk in Democratic Republic of Congo

On 12 February 2012, Augustin Katumba Mwanke, former Governor of the cobalt-rich Katanga province and a close advisor to Joseph Kabila, The President of the DRC, died in a plane crash.

Many commentators including reports from Bloomberg and Reuters consider that Mwanke was the power behind Kabila and his death will have serious repercussions for the regime and for the DRC's mining industry. He was central in negotiations for the recent US\$6 billion minerals-for-infrastructure deal with China and was closely associated with the culture of corruption in the DRC, a country that seems to be in a perpetual state of war.

Recently, following a dispute with the DRC government over expropriation of one of its key projects, First Quantum Minerals sold out from the country. The Vancouver-based copper and cobalt miner sold its Kolwezi Tailings operation as well as the Lonshi and Frontier mines and other interests for US\$1.25 billion, about half the valuation by some analysts before the dispute

with the DRC government. First Quantum was poorly treated following investigation by the DRC Government for 'suspected wide scale misconduct'.

The DRC courts handed out a US\$12 billion fine and the government transferred the properties for nominal sums to close associates of Kabila, who quickly on-sold for profit. Eurasian Natural Resources Corporation ('ENRC'), a London-based company dominated by Kazakh owners, paid a paltry US\$175 million for the Kolwezi project, which cost First Quantum about US\$800 million to purchase and construct.

The US financial reforms signed into law last July included a provision on conflict minerals, particularly from the DRC. Reporting on this reform, the LA times stated "In an effort to choke off funding for the armed thugs and rebel militias that have killed more than 5 million people and turned Congo into the rape capital of the world, the new law will require thousands of US companies to disclose whether their products contain minerals from

rebel-controlled mines". Others in the international community are following this lead and Malaysia Smelting Corporation has decided to put a complete stop on purchases of Congolese minerals because they could not be guaranteed conflict free.

The DRC contains most of the world's cobalt resources and is second for copper. It has only recently emerged from a disputed election that ended with Kabila being re-elected, but without a majority.

Strong demand for cobalt cont. Aircraft need more cobalt

Cobalt is incorporated into many super alloys and used in jet engines. Boeing recently completed the largest commercial deal in history, an order by Southwest Airlines for 208 aircraft and has forecast demand for 33,500 new jets over the next 20 years. Also, Airbus has predicted that by 2030, 6,000 new passenger aircraft will be needed for the US and 8,000 for Asia.

Opportunities for investors

BPL is the 100% owner of Australian cobalt deposits, located close to good mining infrastructure, only 25 kilometres from Broken Hill. These are near surface deposits with considerable potential for future large-scale cobalt production.

We believe our cobalt resources will increase in value as cobalt prices rise due to looming concerns over how the current world's cobalt supply

will meet a growing demand for cobalt use (such as in rechargeable batteries and hardened metal).

BPL offers a rare opportunity to invest in the rapidly growing, worldwide cobalt market. BPL is a fast-growing, ASX listed Australian company with well defined and located cobalt resources with low technical risk.

I look forward to our exciting path ahead and to keeping you updated on our work as it progresses.

Yours faithfully,



Dr Ian Pringle
Managing Director

Competent Person and Reporting Statement

The exploration activities and results contained in this report is 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.

Reporting of resources was undertaken by Hellman & Schofield Pty Ltd ('H&S') and these are reported in accordance with JORC Code (2004) standards. H&S quantified a potential target size within the modelled mineralisation envelope and this potential lies outside of the Inferred Resource because of the absence of nearby drilling. This target is conceptual in nature and more drilling is required to further define it. There is no certainty that this target will result in a Mineral Resource.

New website

The Company has recently reformatted and updated its website www.bhpl.biz. Please visit our site for links to recent news, metal prices, share prices as well as project and company information.

For further information contact;

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