

30th January 2015

Australian Stock Exchange Limited

BROKEN HILL PROSPECTING LTD QUARTERLY REPORT FOR THE PERIOD TO 31st DECEMBER 2014

Broken Hill Prospecting Limited ("BPL") is pleased to provide the following report on corporate news and activities undertaken at the Company's projects during the three month period ending 31st December 2014. Additional information about the Company is available at BPL's website www.bhpl.biz.

Highlights

- ❖ **BPL had granted five Heavy Mineral Sand (HMS) tenements in western NSW**
- ❖ **BPL successfully completed a placement to raise ~A\$441,800**
- ❖ **Funds raised will contribute to evaluation of HMS deposits**
- ❖ **New Joint Venture partner to contribute \$2m for 50% stake in two tenements**
- ❖ **Drilling planned during February 2015 on Copi North and Magic HMS prospects**
- ❖ **BPL has continued to receive considerable interest in the Thackaringa Cobalt-Pyrite project**

1. Heavy Mineral Sand Deposits

In October 2014 Broken Hill Minerals Pty Ltd (a 100% owned subsidiary of BPL) was granted five Exploration Licences to explore for Heavy Mineral Sand ('HMS') deposits in the extensive Murray Basin south of Broken Hill and north of Wentworth in Western NSW (Figure 1). These are a significant addition to BPL's project portfolio and provide important synergies for future development of BPL's Thackaringa cobalt-pyrite deposits.

Broken Hill Minerals Pty Ltd ('BHM') is planning to establish a foothold in the HMS industry where emerging technology is making significant advances in processing and recovery of titanium (Ti) and zirconium (Zr) minerals (ilmenite, leucoxene, rutile and zircon) from HMS deposits.

Broken Hill Minerals Pty Ltd is seeking to define an initial resource of HMS with high content of heavy minerals relative to other nearby deposits and operations. This could provide the basis for a low-cost, small footprint mining operation with higher grade feed than nearby operating mines (Cristal's Ginkgo and Snapper mines and Murray Zircon's Mindarie mine) which have average HMS grades of between 3.6% HM and 3.9% HM.

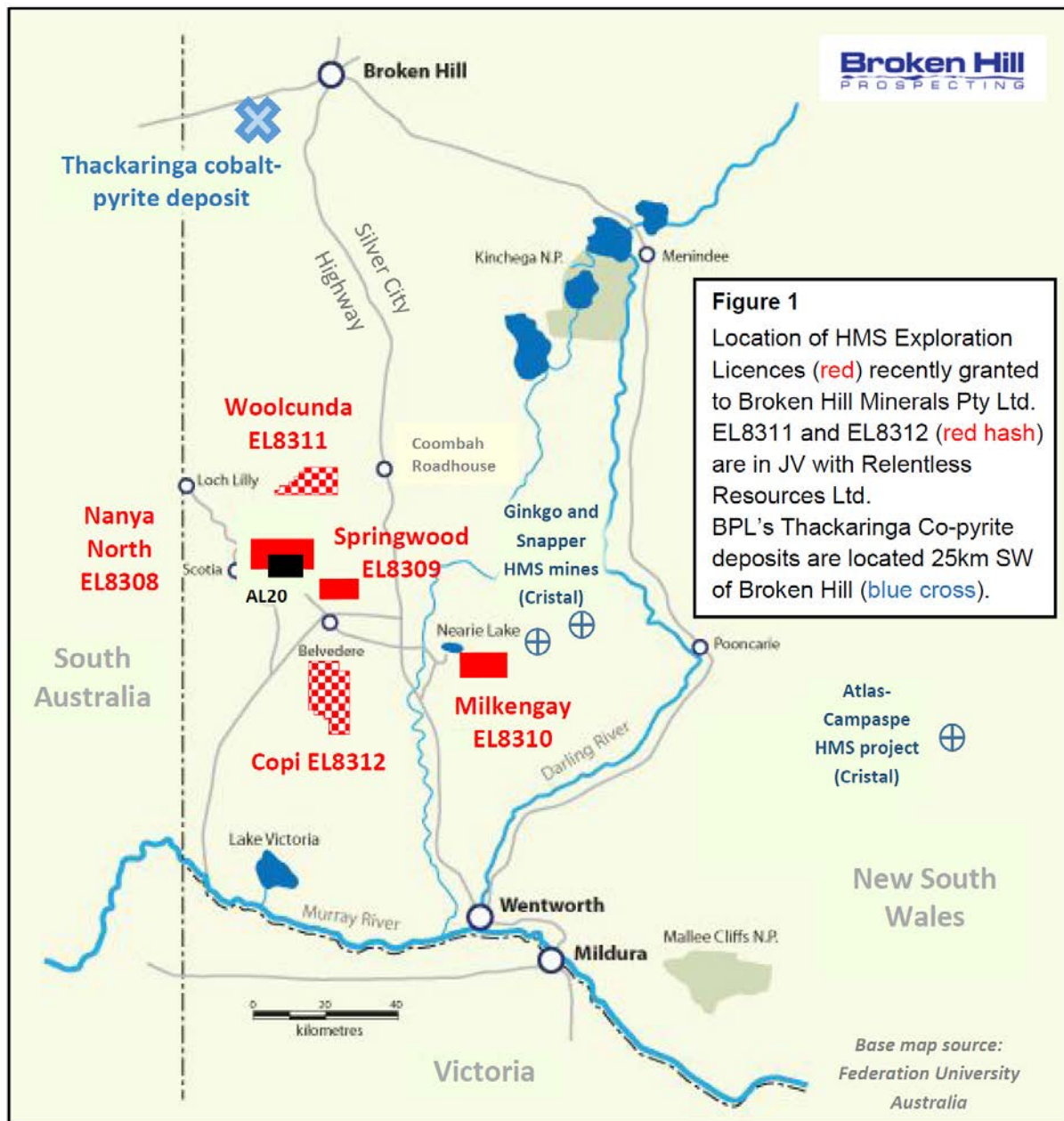
2. Joint Venture, Relentless Resources Ltd – Broken Hill Minerals Pty Ltd

In mid-December Broken Hill Minerals Pty Ltd and Relentless Resources Limited (RRL) commenced negotiations to form a Joint Venture to evaluate HMS deposits in two of the five tenements (EL8311 'Woolcunda' and EL8312 'Copi', Figure 1). In particular, the Joint Venture work will focus on the Copi North and Magic HMS prospects.

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RRL is an unlisted Australian mining investment company focused on acquiring strategic stakes in globally significant mining assets.

The Agreement was completed in late January and allows for the Joint Venture to explore and establish JORC resources and reserves of HMS, complete feasibility studies and establish a viable HMS mining operation(s) in EL8311 and/or EL8312.

RRL will make staged payments totaling \$2,000,000 to earn a 50% participating interest:

- Stage 1 - \$500,000 on execution of the Agreement in consideration for a 20% participating interest in the Joint Venture ('JV');
- Stage 2 - \$1,000,000 on or before 31 July 2015 in consideration for an additional 20% participating interest in the JV; and
- Stage 3 - \$500,000 on or before 30 April 2016 in consideration for an additional 10% participating interest in the JV)

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A Joint Venture Committee made up of both parties will supervise the JV. In its capacity as JV Manager BHM will receive a management fee of 10% of JV expenditure. BHM will apply the earn-in payments received from RRL to complete a JORC 2012 resource and progress scoping studies on at least one of the two deposits (within 6 months of commencing the JV) and complete a Feasibility Study within 15 months.

3. Appointment of Broken Hill Minerals Pty Ltd Managing Director

On 28th January 2015 The Company announced that Mr Ian Spence had agreed to join BPL's 100% owned subsidiary, Broken Hill Minerals Pty Ltd as its Managing Director.

Ian's appointment follows the announcement on 22nd January 2015 of the signing of the Joint Venture agreement between BPL and Relentless Resources Limited.

Prior to his appointment, Ian had been active with BPL for several weeks, assisting the company with the most recent capital raising as well as promotional activities.

Ian brings to the BPL group extensive experience in the international exploration, resource development and mining arena, having held a number of directorships and senior operational and general management roles over several years with a number of international resource companies in a number of commodities.

Ian also brings a strong capital markets background, having held analytical and capital raising roles with a number of resource focused capital firms over a period of 9 years.

Ian holds a Joint Honours Bachelor of Science in Geology & Petroleum Geology from The University of Aberdeen, UK, a Master of Science in Mineral Exploration & Mining Geology from The University of Leicester, UK and a Master of Business Administration from The University of Western Australia.

Reporting to BPL's Managing Director and the BPL board, Ian's role with BHM will be largely to oversee the administration and management of the Joint Venture and to undertake marketing and promotion activities and when required, capital raising. Ian will also provide technical input as and when required.

4. Field Exploration

Field work orientation and planning for drill testing of two prospects (Copi North and Magic) commenced during the period.

EL8312 Copi (Copi North HMS Prospect)

Shallow exploration drilling is planned to test along 11 kilometres of the strike extent of the Copi North prospect with the work expected to commence in mid February 2015. The planned drill holes are located at approximately 500 metre spaced traverses across the Copi North HMS target area.

During the December quarter each drill hole location was located, identified, described and photographed. Air core reverse circulation drilling will be undertaken by an independent drilling contractor using a truck-mounted rig. Eighty seven shallow holes (averaging 26 metres in depth) totalling 2,214 metres are planned.

EL8311 Woolcunda (Magic HMS Prospect)

Shallow exploration drill holes are also proposed to test along the trend of the Magic prospect in EL8311. Planned drill holes in the south of EL8311 are located along wide-spaced traverses across the Magic HMS prospect. Field work in late 2014 located each proposed drill location, identified environmental and access issues and described and photographed each site. Air core reverse circulation drilling is planned at 40 locations for a drilling total of 814 metres (averaging 20 metres depth).

EL8308 (Nanya North), EL8309 (Springwood), EL8310 (Milkengay)

During the quarterly period a geology team visited each tenement to evaluate access and collect information on topographic and geological features. Like EL8312 and EL8311 these tenements are located on thinly vegetated scrubland and pastoral farmland grazed by sparse sheep and goats. Access along public roads, fence lines and farm tracks is excellent. BPL is planning ground magnetic surveys to delineate prospective HMS targets prior to drill testing.

Thackaringa Cobalt Deposit (EL6622, EL8143, ML86, ML87)

No field activities were undertaken during the period.

During the quarter the project continued to receive considerable interest from investors, mining companies and industrial groups who recognise a likely future demand for cobalt supply into growing battery and super-alloy industries as well as sulphuric acid manufacturing for mineral processing and phosphate fertiliser businesses.

5. Planned work in March Quarter 2015

The Broken Hill Minerals Pty Ltd - Relentless Resources Joint Venture will undertake shallow drill testing in both EL8312 and EL8311 at two HMS prospects (Copi North and Magic). The shallow air-core RC drilling (see above) will add to the extensive database of both prospects and the planned work is expected to confirm the size, grade and extent of mineralisation at each. The drilling, which is expected to commence in February 2015, will enable JORC2012 resource definition. Drill samples will also be used to test processing and separation characteristics of the HMS and to provide data for on-going feasibility studies.

Field evaluation of HMS prospects in other tenements (EL8308, EL8309, EL8310) is planned to include ground magnetic surveys to assist in evaluating the extent of shallow HMS targets prior to drill testing.

BPL will continue to seek off-take agreement(s), investors and larger company support to develop the Thackaringa cobalt-pyrite (sulfuric acid) deposit. Interest in cobalt project has strengthened since the release of recent positive reports and media articles on likely supply deficits and increasing demand for cobalt in the short to medium term. In December 2014 the business intelligence firm CRU Group reported that the cobalt market will likely be in deficit in less than two years and predicted a global shortage in 2017, the year Tesla's planned giant lithium-ion (cobalt) battery 'gigafactory' is expected to commence battery production.

6. Completion of Private Placement

On 7th November 2014 BPL successfully completed a placement to various sophisticated and professional investors raising A\$441,798.29 before costs.

The placement consisted of the issue of 11,044,957 fully paid shares at an issue price of A\$0.04 together with a free attaching option exercisable at any time prior to five years from

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the date of issue and with exercise price of A\$0.08. The placement utilised in full the 15% capacity available as per ASX Listing Rule 7.1 and its 10% capacity as per ASX Listing Rule 7.1A.

7. Annual General Meeting (AGM) for Broken Hill Prospecting Ltd

The Annual General Meeting of Broken Hill Prospecting Limited was held at Level 14, 52 Phillip Street Sydney on Wednesday 19th November 2014.

At the meeting, the shareholders voted for the election of Mr Matthew Geoffrey Hill as a Director. A resolution to vote to re-elect Director Robert George Barnes, was not put to the meeting since, prior to the meeting, Mr Barnes advised of his intention to retire as a Director of the Company and not stand for re-election at the AGM. The resolution was therefore no longer required. The Chairman expressed the management team's appreciation of Robert's important contribution to the Company and wished him the very best for the future.

Other business recorded the re-appointment of K.S. Black & Co as the Company's auditors and authorised Directors to finalise the auditor's remuneration. Shareholder approval for the Company to have the ability to issue Equity Securities under the 10% Placement Facility was given by way of Special Resolution.

Yours faithfully,



Ian J Pringle

(Managing Director) **Competent Person Statement**

Exploration activities and results contained in this letter 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 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Inferred Mineral Resource was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Potential is reported under JORC Code 2012. It is conceptual in nature and more drilling is required to further define it. However, there is no certainty that additional work will result in an upgrade of potential to Mineral Resource. 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.

About Broken Hill Prospecting Limited ("BPL")

BPL has commenced assessment of heavy mineral sand deposits (titanium and zirconium) located south of Broken Hill in western NSW. These deposits have been extensively explored and drill tested by other parties and provide the Company with an opportunity to progress advanced evaluation and fast-track development of several substantial high-grade heavy mineral sand deposits.

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About Titanium

Australia has the world's largest deposits of the titanium minerals ilmenite and rutile. We extract and refine Ti, but don't process it in large quantities. It is used in jewellery and bicycles, 3D printing and heavy industrial parts, but 95% is used in an oxide form as the pure white colour crucial in products from paint to cosmetics. Titanium's strength-to-weight ratio, corrosion resistance and biocompatibility make it perfect for aerospace, medical and sport applications.

BPL is progressing with exploration and evaluation of cobalt-pyrite deposits in the Broken Hill area within two exploration tenements (EL6622 and EL8143) and two mining leases (ML86 and ML87). Broken Hill prospecting Limited is in an excellent position to take advantage of increasing demand for cobalt to meet growth in environmental and industrial uses including rechargeable batteries in automobiles and super alloys. As a co-product sulphuric acid could address Australian reliance on imported sulphur and provide opportunities for phosphate fertiliser and mineral processing industries.

Tenements *The interests in mining tenements held by Broken Hill Prospecting Limited (and fully owned subsidiaries) at the end of the quarter and the related percentage of ownership:*

Thackaringa Cobalt Project:

Exploration Licence 6622, Broken Hill NSW Australia - 100% (Broken Hill Prospecting Ltd)

Exploration Licence 8143, Broken Hill NSW Australia - 100% (Broken Hill Prospecting Ltd)

Mining Lease 86, Broken Hill NSW Australia - 100% (Broken Hill Prospecting Ltd)

Mining Lease 87, Broken Hill NSW Australia - 100% (Broken Hill Prospecting Ltd)

South Broken Hill HMS Projects:

Exploration Licence 8308, Broken Hill NSW Australia – 100% (Broken Hill Minerals Pty Ltd)

Exploration Licence 8309, Broken Hill NSW Australia – 100% (Broken Hill Minerals Pty Ltd)

Exploration Licence 8310, Broken Hill NSW Australia – 100% (Broken Hill Minerals Pty Ltd)

Exploration Licence 8311, Broken Hill NSW Australia – 100% (Broken Hill Minerals Pty Ltd)

Exploration Licence 8312, Broken Hill NSW Australia – 100% (Broken Hill Minerals Pty Ltd)

Contacts for further information:

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alan.deans@lastwordcc.com.au

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")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(17)	(105)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(190)	(325)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	R&D tax incentive	154	154
Net Operating Cash Flows		(51)	(273)
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)	(51)	(273)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(51)	(273)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	408	408
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	408	408
	Net increase (decrease) in cash held	357	135
1.20	Cash at beginning of quarter/year to date	57	279
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	414	414

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	66
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salaries, fees and consulting services at standard commercial rates.

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	40
4.2 Development	-
4.3 Production	-
4.4 Administration	180
Total	220

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	414	57
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	414	57

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.

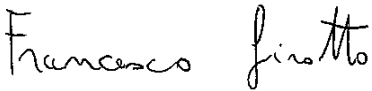
		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	+Ordinary securities	99,404,617	99,404,617	n/a	n/a
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	11,044,957	11,044,957	4c	4c
7.5	+Convertible debt securities (description)	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options (description and conversion factor)	38,650,000 11,044,957	Nil Nil	Exercise price 20c 8c	Expiry date 17/2/2016 12/11/2019
7.8	Issued during quarter	11,044,957	Nil	8c	12/11/2019
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)	-	-
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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: 30/1/2015
 (Company secretary)

Print name: Francesco Girotto

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.