

**Broken Hill Prospecting Ltd
(ASX: BPL)**

An Australian Exploration company
focussed on the discovery & development
of strategic technology mineral resources

Commodity Exposure

Heavy Mineral Sands
Cobalt

Directors & Management

Creagh O'Connor
Non-Executive Chairman

Geoff Hill
Non-Executive Director

Matt Hill
Non-Executive Director

Denis Geldard
Non-Executive Director

Trangie Johnston
Chief Executive Officer

Ian Morgan
Company Secretary

Capital Structure

Ordinary Shares on Issue (27/6/17) **148M**

Options: Listed **47M**

Market Cap (undiluted at 2.8cps) **\$4.1M**

Broken Hill Prospecting Ltd

ARBN 003 453 503

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Highlights

**Legal Dispute Settled - Heavy Mineral Sands (HMS)
Expansion Plans Accelerate with Funding Sufficient
for New Project Review and Acquisition**

- Legal dispute with Relentless Resources (RRL) is resolved
- RRL agrees to pay BPL \$3.1M within 90 days, significantly boosting BPL's cash
- BPL agrees to transfer 100% of ELs 8308, 8309, 8310, 8311, 8312, 8385, 8560 and ELA 5513 to RRL
- BPL retains ELs 8558 and 8559 covering prospective strandlines in the Central Para and Tararra leases
- Maiden Resource estimates for the Gilligans and Jaws strandlines (EL 8559) are expected in July
- HMS expansion plans accelerate with two new tenement applications submitted
- BPL aims to establish a chain of high grade, low tonnage deposits across the world class Murray Basin, ideal for processing with mobile plant technology
- Market confidence improving after Zircon and Titanium pigment price increases in past 12 months
- Settlement of the dispute provides a platform for expansion of current mineral sands initiatives and also a review and new acquisition programme

Trangie Johnston commented:

"The expansion of BPL's tenement portfolio is based on an extensive, proprietary data compilation and prospectivity analysis within the Murray Basin's world-class Heavy Mineral Sands province.

Recently granted tenements contain high value mineralised strandlines that will support resource estimates, without the need to conduct field activities. Our immediate aim remains, as before, to define combined Mineral Resources of 100Mt in shallow, high-grade deposits (continued page 2)."

Settlement of the dispute enables BPL to achieve two critical outcomes:

It lets us get on with the job of developing our Murray Basin HMS strategy and provides significant funds to advance our field program in coming months, in new prospective areas.

We retain title to some of the most prospective ground available within the Murray Basin while we continue to assess additional areas for expansion. BPL is strategically placed to take advantage of improving HMS market conditions.

BPL is continuing to reshape its HMS portfolio with the goal of becoming a significant HMS producer. In addition however, settlement of the dispute provides a capital bank that will, in part, be directed towards assessment of new mineral exploration and development opportunities."

LEGAL DISPUTE WITH RELENTLESS RESOURCES RESOLVED

Following is a summary of the agreed terms and conditions by BPL and RRL:

1. Subject to approval under the *Mining Act 1992* (NSW) (Act) to the relevant transfer of tenements, RRL will acquire:
 - 1.1. Broken Hill Minerals (BHM)¹ entire interest in tenements EL 8308, EL 8309 and EL 8310 for \$500,000 payable by 10 July 2017
 - 1.2. Murray Basin Minerals (MBM)² entire interest in tenements EL 8560 and ELA 5513 for \$250,000 payable by 10 July 2017
 - 1.3. BHM's 50% Participating Interest in the Farm-in and Joint Venture Agreement between BHM and RRL, covering EL 8311, 8312 and EL 8385 for \$3,150,000 (of which RRL will retain the sum of \$800,000 in respect of the fees required to complete the Feasibility Study referred to in the Joint Venture Agreement) payable within 90 days of 26 June 2017
2. BHM indemnifies RRL for any third party claims arising from the Joint Venture Agreement which are known to BHM and RRL as at 26 June 2017
3. The BPL Group will not apply for any tenements under the Act within a 100km radius of EL 8309 (excluding South Australia)
4. BHM and RRL will discontinue, with no orders as to costs, their proceedings in the Supreme Court of New South Wales

5. RRL will withdraw caveats placed over EL 8558 and EL 8559 issued under the Act

HMS EXPANSION PLANS ACCELERATED

The expansion of BPL's interests in the Murray Basin is the result of extensive data compilation and prospectivity analysis undertaken in recent months by BPL's expanded exploration and management team. This analysis of publicly available data has equipped BPL with a unique proprietary database comprising approximately 15,000 drill holes and 665,000 metres of drilling. The database reflects a total exploration replacement value of approximately \$20 million (drilling and assay only) in today's terms.

Two new tenement applications were recently submitted located approximately 20km to the south east of EL 8559 (Figure 1). Highly prospective targets will form part of accelerated drilling programs in H2 2017.

Ongoing data analysis is currently being directed at the western and southern sectors of the Murray Basin. In addition, BPL is conducting due diligence on a number of advanced projects with the aim to expand our HMS portfolio.

PENDING RESOURCE ESTIMATES

Detailed assessment of the new tenement areas has indicated existing drilling will support Mineral Resource estimation with modelling currently focussed on two priority targets:

- Jaws (EL8559): The Jaws strand is characterised by a shallow, well-developed foreshore horizon comprising medium - coarse mineral sands persistent over some 17km strike. The strand is approximately 200m wide and 6m thick with cover between 9 - 39m.
- Gilligans (EL8559): The Gilligans strand contains extensive mineralisation occurring up to 350m wide and over 15km of strike. Overburden is variable though averages 22m shallowing at the peripheries.

The above strandline targets all occur within a radius of 20km (Figure 1), supporting the Company's exploration and project development strategy; targeting the establishment of a sustainable pipeline of high grade, low tonnage deposits amenable to processing through mobile plant equipment.

¹ Broken Hill Minerals Pty Ltd, BPL's wholly owned subsidiary.

² Murray Basin Minerals Pty Ltd, BPL's wholly owned subsidiary.

NEW ACQUISITIONS PROGRAMME

Settlement of the dispute has provided BPL with a significant capital bank. The Board will now initiate a project review process, seeking to identify value adding acquisitions in the precious and base metal sector, focussing on (but not limited) to Australia in the first instance. This initiative will run parallel to and not hinder the Company's mineral sands activities. A diversification of commodity exposure is considered prudent; developments will be reported in due course.

SUMMARY

BPL is well funded to accelerate expansion plans within the Murray Basin, with planning for extensive drilling campaigns in H2 2017 on mineral sands prospects within the new tenements. The immediate aim is to define combined Mineral Resources of 100Mt in shallow, high grade deposits.

BPL's strategy is to investigate the feasibility of mining these resources using dry mining techniques and mobile treatment plants. Multiple operations could be feasible if sufficient resources are identified in different locations. The Company's ability to undertake this work is enhanced by the knowledge gained in recent years on BPL's other projects in the Murray Basin.

The market outlook for HMS, including zircon and titanium dioxide, shows signs of improving. While some prices remain low, producers have been matching production to demand, reducing stockpiles and shutting operations to better match supply and demand. Titanium dioxide prices have increased since 2015, and that trend is expected to continue. The zircon market has remained steady with recent price increases announcement by Iluka.

The Company's mineral sands projects, combined with its base metal rights at the Thackaringa Project (Joint Venture with Cobalt Blue Ltd (ASX: COB) and its new precious and base metal review and acquisition programme provide an exceptional base for future success.

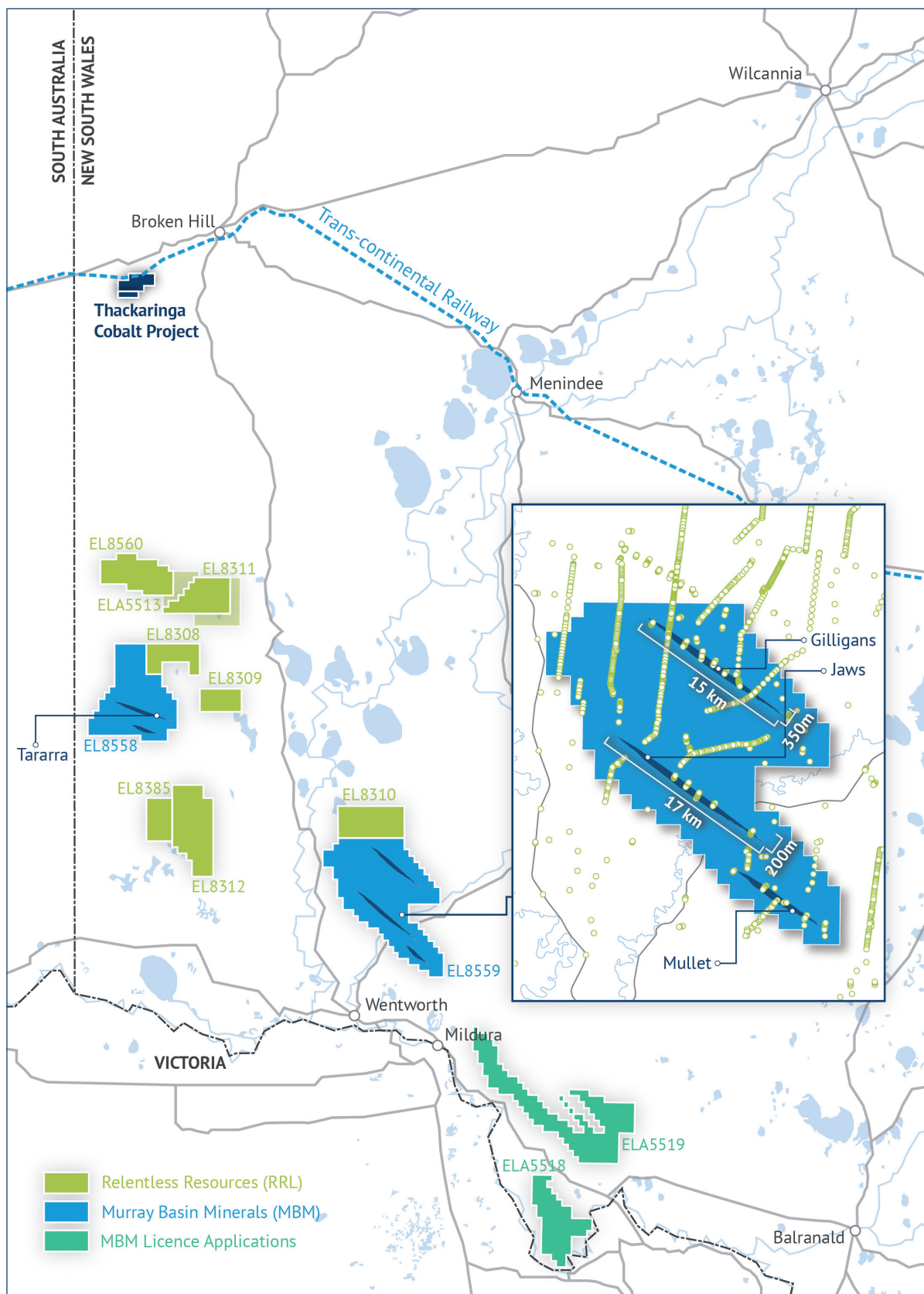


Figure 1. BPL's extensive HMS tenement portfolio within the world-class Murray Basin, western New South Wales. New tenement applications to the east of Mildura form part of our expansion strategy after extensive prospectivity analysis.



Anthony (Trangie) Johnston
Chief Executive Officer

**For further information,
please contact**

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PROSPECTING

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PREVIOUSLY RELEASED INFORMATION

This ASX announcement refers to information extracted from the following report, which is available for viewing on BPL's website <http://www.bhpl.biz>

- [8 February 2017 Broken Hill Prospecting Update](#)
- [18 April 2017 Murray Basin Heavy Mineral Sands Expansion Plans](#)
- [13 June 2017 Murray Basin Heavy Mineral Sands Expansion Plans Confirmed](#)

BPL confirms it is not aware of any new information or data that materially affects the information included in the original market announcement, and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. BPL confirms that the form and context in which the Competent Person's findings presented have not been materially modified from the original market announcement.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Mineral Resources and Exploration Targets is based on information compiled by Mr Anthony Johnston, BSc (Hons), who is a

Member of the Australian Institute of Mining and Metallurgy and is a full time employee of the Company. Mr Johnston has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 & 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Johnston consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears.

ABOUT BROKEN HILL PROSPECTING LIMITED

Broken Hill Prospecting Limited (BPL) is an Australian Exploration company focussed on the discovery and development of strategic mineral resources across two primary projects the Murray Basin Heavy Mineral Sands Project and the Thackaringa Cobalt Project.

MURRAY BASIN HEAVY MINERAL SANDS PROJECT

BPL has built a substantial portfolio of Heavy Mineral Sands (HMS; titanium & zircon) Projects within the world-class Murray Basin, NSW.

BPL is targeting the establishment of a sustainable pipeline of high grade, low tonnage deposits amenable to processing through mobile plant equipment that could be deployed across the broader project area.

THACKARINGA COBALT PROJECT

The Thackaringa Cobalt Project is strategically located 25km south-west of Broken Hill, New South Wales, adjacent to the main transcontinental railway line. Mineralised outcrop extends for over 10km, with less than a quarter of this trend having been drill tested. The large, near-surface deposits at Thackaringa make the project suitable for large-scale, open cut mining methods.

Cobalt is a necessary metal for the production of the latest generation, high density Lithium-ion batteries. Due to its high run-time properties, the use of cobalt has risen dramatically as portable Li-ion battery usage accelerates and electric vehicles become a reality.

The Thackaringa Cobalt Project is under a Farm In and Royalty Agreement with Cobalt Blue Holdings Ltd (COB). COB can

earn 100% of the project if it completes a 4 stage farm-in by committing \$9.5 million project expenditure by 30 June 2020, and pays BPL \$7.5 million in cash.

In addition, BPL will receive a 2% net smelter royalty on all cobalt produced from the Thackaringa tenements for the life of mine. BPL retains the base and precious metal exploration rights over the Thackaringa tenements, where it has previously actively explored for Broken Hill style mineralisation.

TENEMENT HOLDING

The interests in tenements held by Broken Hill Prospecting Limited (and fully owned subsidiaries) and the related percentage of ownership:

Thackaringa Cobalt Project

EL 6622	100% Broken Hill Prospecting Ltd
EL 8143	100% Broken Hill Prospecting Ltd
ML 86	100% Broken Hill Prospecting Ltd
ML 87	100% Broken Hill Prospecting Ltd

Murray Basin Heavy Mineral Sands (HMS) Project

EL 8308	100% Broken Hill Minerals Pty Ltd
EL 8309	100% Broken Hill Minerals Pty Ltd
EL 8310	100% Broken Hill Minerals Pty Ltd
EL 8558	100% Murray Basin Minerals Pty Ltd
EL 8559	100% Murray Basin Minerals Pty Ltd
EL 8560	100% Murray Basin Minerals Pty Ltd
ELA 5513	100% Murray Basin Minerals Pty Ltd
ELA 5518	100% Murray Basin Minerals Pty Ltd
ELA 5519	100% Murray Basin Minerals Pty Ltd

HMS Joint Venture

EL 8311	50% Broken Hill Minerals Pty Ltd 50% Relentless Resources Ltd
EL 8312	50% Broken Hill Minerals Pty Ltd 50% Relentless Resources Ltd
EL 8385	50% Broken Hill Minerals Pty Ltd 50% Relentless Resources Ltd