

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 (30/6/17) **148M**

Options: Listed **47M**

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

Broken Hill Prospecting Ltd

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Highlights

Positive Scoping Study Delivered on Thackaringa Cobalt Project

Major Geophysical Survey Planned for Cobalt, Base and Precious Metals

- Broken Hill Prospecting Ltd (ASX: BPL) has received a first class, positive Scoping Study for the Thackaringa Cobalt Project by its joint venture partner Cobalt Blue Holdings Ltd (ASX: COB)
- The Scoping Study indicates that an economically and technically viable project is possible at Thackaringa
- The two companies have committed to jointly undertake a major geophysical survey late in 2017 covering the entire Thackaringa Project. The survey will further assess cobalt potential as well as test known base and precious metal prospects owned 100% by BPL outside the Thackaringa joint venture
- Terms of the Stage 1 Thackaringa joint venture agreement between BPL and COB have been renegotiated to enable the best outcome for both parties

BPL's Chief Executive Officer Trangie Johnston commented:

"The Thackaringa Cobalt Project JV received a Scoping Study that we are very pleased with. It demonstrates a technically sound and economically robust project. The JV partners are excited about the next stage, particularly because global demand for cobalt has pushed metal prices 250% during the past 12 months.

In addition to the Thackaringa JV, BPL plans to ramp up base and precious metal exploration activities in its own right, with confirmation of a major geophysical survey program to greatly enhance our assessment of multiple prospects within the Thackaringa tenements. Modern technology should reveal considerable information that we don't know about the geology – all targeted deposit types should be identified."

THACKARINGA COBALT PROJECT SCOPING STUDY COMPLETED AND DELIVERED

Broken Hill Prospecting Ltd (ASX: BPL) received a first class Scoping Study for the Thackaringa Cobalt Project from its joint venture partner Cobalt Blue Holdings Ltd (ASX: COB).

The results of the Study are positive and importantly provide strong encouragement for the joint venture to commit to the next stage of exploration and development.

A market release outlining Scoping Study details within the regulatory framework of ASX Listing Rules and ASIC (214) guidelines is planned for coming weeks.

BASE & PRECIOUS METAL EXPLORATION ACTIVITY RAMPS UP

BPL retains base and precious metal exploration rights over the Thackaringa tenements and is planning to ramp up field activities in the H2 2017.

BPL considers the geological setting to be prospective for mineralisation styles additional to cobaltiferous-pyrite including:

- Stratiform Broken Hill Type (BHT) Copper-Lead-Zinc-Silver
- Copper-rich BHT
- Epigenetic Gold and Base metals

Current base and precious metal targets include (Figure 1):

- Pyramid Hill (Cu-Au-Ag)
- Himalaya North (Cu-Pb-Zn-Ag)
- Camels Hump (Cu-Zn)
- Ram Paddock (Cu-Co)
- Alders Tank (Co)
- Old Coolgardie North and West (Cu-Au)
- TSQV (Cu-Au-Ag)

These targets have been identified from BPL's previous drilling and surface sampling work.

MAJOR GEOPHYSICAL SURVEY

A major geophysical survey program is being planned for the H2 2017 covering the entire Thackaringa Project tenement area (63km²).

High resolution aerial EM & Magnetics will be used in conjunction with geological mapping to produce a new tenement scale 3D geological model to assist targeting all styles of mineralisation.

The survey is expected to greatly advance our geological knowledge and targeting ability. It should provide greater information than previous surveys were able to show about the depth of cobalt bearing rock formations at Railway, Pyrite Hill and Big Hill.

COBALT BLUE FARM IN JOINT VENTURE

The successful spin-off of Cobalt Blue Holdings Limited (ASX: COB) was completed in February 2017, with investors seeking shares exceeding the \$10 million maximum being offered. The deal was an important initiative for BPL to realise significant value from its Thackaringa Cobalt Project.

An important part of the spin-off was that BPL entered a detailed farm-in joint venture agreement with COB to finance and undertake an extensive exploration and development program at Thackaringa (JV Agreement).

COB can earn 100% of the project if it completes a set of milestones before 30 June 2020.

The recently completed FY17 work program delivered strong results and a significant resource upgrade for the Thackaringa Project. A 54.9 Mt combined Indicated Resource (6.5 Mt) and Inferred Resource (48.4 Mt) was announced on [5 June 2017](#).

Following the results of the FY17 work program, BPL and COB agreed certain changes to the JV Agreement:

	Previous JV Agreement	New JV Agreement	Status
Stage 1	Requires at least \$2.0 million to be spent on an approved, in-ground exploration program to define an Inferred Mineral Resource of 100 Mt and completion of a Scoping Study by 30 June 2017 to hold a 51% beneficial interest in the project.	<p>For COB to retain the 51% beneficial interest, then during the period commencing ending no later than 1 April 2018, COB must:</p> <ul style="list-style-type: none"> (i) Complete prior to 30 June 2017 a minimum \$2.0 million exploration program to define an Inferred / Indicated Mineral Resource of 54.5 million tonnes (ii) Complete after 30 June 2017 a further \$1.2 million exploration program to achieve an Indicated Resource of 40 million tonnes or such other tonnage as may be agreed unanimously by the JV committee (iii) Spend not less than \$0.2 million and not more than \$0.4 million to undertake an aerial geophysical survey of the JV mining tenements (iv) Expenditure under (ii) and (iii) in aggregate must be not less than \$1.4 million and not greater than \$1.6 million (v) Complete prior to 30 June 2017 a Scoping Study 	Completed
Stage 2	Requires COB to fund a minimum \$2.5 million in-ground exploration program to define an Indicated Mineral Resource and complete a Pre-feasibility Study of the technical, commercial and economic feasibility of development and mining of cobalt by 30 June 2018. That work would earn COB an additional 19% interest.	<p>For COB to earn an additional 19% interest, COB must have completed Stage 1 earning obligations during the period commencing on 1 July 2017 and ending no later than 30 June 2018:</p> <ul style="list-style-type: none"> (i) A \$2.5 million approved exploration program within the JV area (ii) Complete a Pre-feasibility Study 	
Stage 3	Stipulates COB can earn a further 15% interest by 30 June 2019 if it spends a minimum \$5 million on an in-ground exploration program to define a Measured Mineral Resource and Ore Reserve and complete a Bankable Feasibility Study.	No change	
Stage 4	Enables COB to earn the final 15% interest in Thackaringa if it makes a decision to mine; procures necessary project approvals including financing; achieves financial close; and pays BPL \$7.5 million in cash no later than 30 June 2020.	No change	
	BPL has also been granted a 2% net smelter royalty on all cobalt produced from the Thackaringa tenements for the life of the mine.	No change	

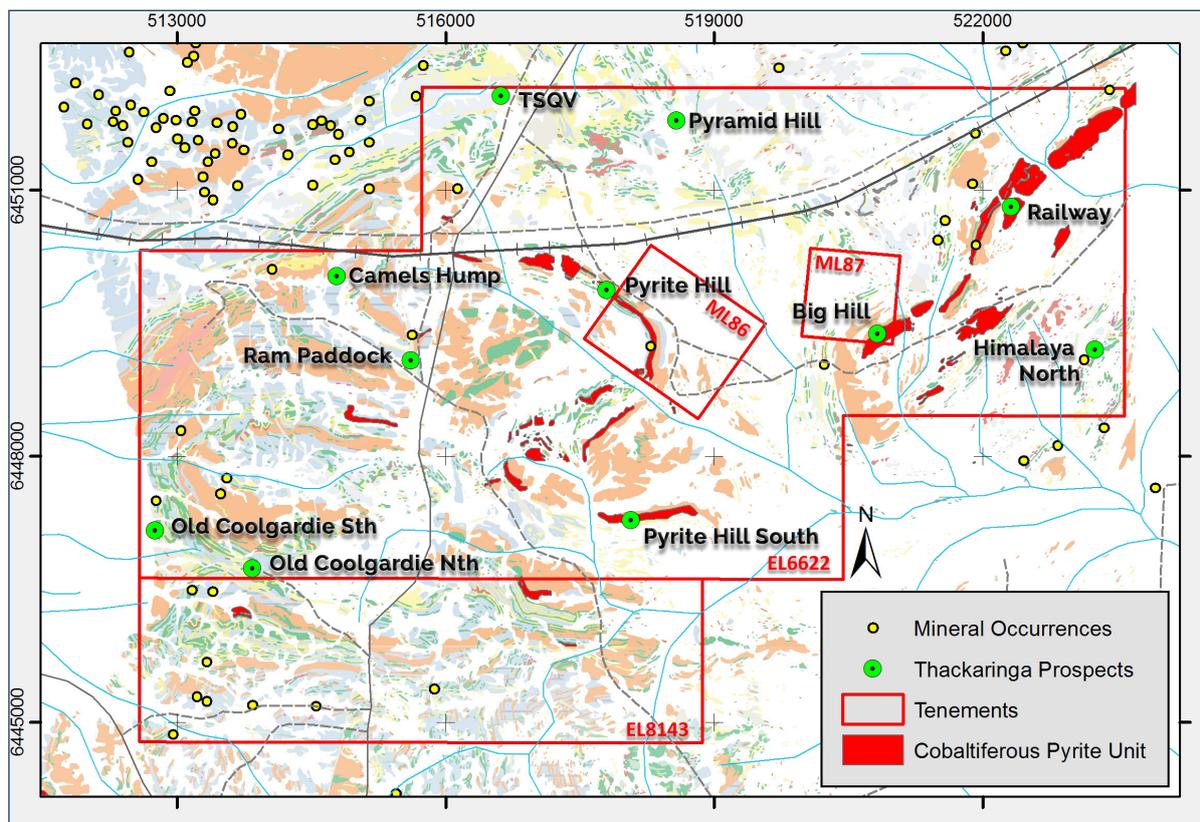


Figure 1. Thackaringa Project area highlighting base and precious metal prospects outside the current cobalt deposits at Railway, Pyrite Hill and Big Hill. A high resolution airborne geophysical survey (EM & Magnetics) will greatly enhance targeting ability for all deposit types.



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>

- [5 June 2017 Thackaringa Resource Upgrade](#)
- [25 May 2017 Thackaringa Drilling Results](#)
- [4 May 2017 Thackaringa Drilling Uncovers Higher Cobalt Grades](#)
- [2 March 2017 COB Assays Confirm Thackaringa as a Significant Cobalt-Pyrite](#)
- [21 March 2013 Cobalt Deposit Continues at Depth](#)

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's HMS portfolio is currently undergoing a re-structure with a recently announced cash deal with Relentless Resources ([28 June 2017](#)). Additional tenement applications and potential project acquisitions under review will continue to position the Company to take advantage of improving market conditions.

BPL is targeting the establishment of a sustainable pipeline of high grade, low tonnage deposits amendable 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

*These tenements and applications will be transferred to Relentless Resources Ltd as part of the settlement referred to in the Company's announcement of [28 June 2017](#).