

Broken Hill Prospecting Ltd (ASX: BPL)

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

Commodity Exposure

Rare Earth Elements
Heavy Mineral Sands
Cobalt
Base & Precious Metals
Industrial Metals

Directors & Management

Creagh O'Connor
Non-Executive Chairman

Trangie Johnston
Managing Director

Geoff Hill
Non-Executive Director

Matt Hill
Non-Executive Director

Denis Geldard
Non-Executive Director

Ian Morgan
Company Secretary

Capital Structure

Ordinary Shares on Issue **148M**

Options: Listed **47M**

Market Cap (undiluted at 2.7cps) **\$4M**

Broken Hill Prospecting Ltd

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Highlights

- Strategic review undertaken to identify new opportunities in the technical metals sector to provide shareholder value
- Successful entrance into the highly lucrative rare earths market through the 100% acquisition of the LA Paz Rare Earths Project located in Arizona, USA
- La Paz contains an Independent NI 43-101 Report and Resource estimate and is a large tonnage, bulk deposit comprising high value, light rare earth (LREE) assemblage
- La Paz is considered “clean” compared to many global rare earth projects as it contains no penalty elements including Uranium and Thorium
- Preliminary Economic Assessment currently being carried out with bulk samples obtained to progress metallurgical testwork

Post Quarter

- Initial fieldwork programs identified and sampled high grade areas within the resource including new extensions to the South West
- BPL to double its footprint in Arizona through the acquisition of a further 660 hectares located immediately adjacent to La Paz, securing the Company the full rare earth potential of the region
- Funding plans to advance the La Paz project are progressing well with the SPP offer extended until 6th November

CEO Trangie Johnston stated:

“The last quarter has witnessed huge change for BPL and its shareholders as we entered into the exciting US rare earths market. I have just returned from site in Arizona and the sheer potential the La Paz project demonstrates is amazing. Our initial mapping and sampling programs has already highlighted a higher-grade zone outside of the existing resource, a key factor in us moving quickly to submit applications to secure the adjacent 660 hectares, thus expanding the La Paz footprint.”

“This is only the beginning of the road for this very exciting project and I am looking forward to planning our next stages of exploration to see what else this highly prospective project, which has the potential to be the largest rare earths project in the entire US, has to offer.”

As outlined earlier in the quarter, BPL had been undertaking a strategic review of the company's assets, seeking to identify new opportunities through acquisition to add additional value for shareholders.

As such it was with great enthusiasm the Company announced in August that it had formed a 100%-owned US-based subsidiary, La Paz Rare Earth LLC, to acquire and develop the La Paz Rare Earth Project ("La Paz" or "the Project") located in La Paz County, Arizona, US.

The Project, which lies approximately 170 km northwest of Phoenix (Figure 1) covers more than 1100 hectares of unencumbered tenements and following the receipt of all title approvals received from the Bureau of Land Management and State of Arizona Land Department covering the La Paz Project in September, is now controlled 100% by La Paz Rare Earth LLC.

La Paz Rare Earth Project Highlights

- Contains an independent NI 43-101 Report and Resource estimate (completed 2011)
- Is a large tonnage, bulk deposit comprising high value, light rare earth (LREE) assemblage
- Demonstrates the potential to be the largest rare earth project in North America
- La Paz is considered "clean" compared to many global rare earth projects as it contains no penalty elements including Uranium and Thorium
- Access to excellent local infrastructure - electricity, water, gas - in a mining friendly jurisdiction



Figure 1. La Paz rare earth deposit located in western Arizona.

The Company views the La Paz acquisition as pivotal in the Company's development, offering shareholders access to the lucrative US rare-earth market, where security of supply is critical due to rising global trade tensions. Not only does the acquisition establish BPL's entry into this market, it also secures BPL as the only listed ASX company with exposure to it, a position which the Company believes to be very enviable given the US Federal & Pentagon mandates to secure supply of strategic technology metals.

True to this belief, BPL announced post Quarter that it was to double its US footprint through the acquisition of a further 660 hectares located directly adjacent to the La Paz Project, following the initial program of detailed structural mapping, sampling and the review of historical data by BPL which identified high grade mineralisation to the SW of the current resource.

The La Paz Project is an advanced rare earth project not only located in a mining friendly jurisdiction with world class infrastructure demonstrating the potential to be the largest rare earth project in North America.

History of La Paz

The La Paz area was first shown to contain rare earth elements during exploration sampling programs in mid-2010. The area is located in western-central Arizona within the structural Detachment Fault Domain of the large Basin-Range Province.

Mineralisation is defined by structurally controlled zones containing both pervasive epidote and epidote veinlets in micro-fractures, dominantly hosted within a foliated to brecciated quartz-feldspar granitic gneiss. Allanite, a variety of epidote, is the principal rare earth-hosting mineral.

During 2011, Australian American Mining Corporation Ltd drilled 195 percussion holes for 5,120 metres, which supported a maiden resource estimate under independent NI 43-101 guidelines, with additional metallurgical test work carried out in early 2012.

BPL is investigating the conversion of the NI 43-101 Report and supporting data to JORC 2012 standards and will look to announce further technical and project details once completed.

A copy of the NI 43-101 Report can be found at this link: [La Paz NI 43-101 Report](#)

Reported under NI 43-101, the key highlights of La Paz include:

- Large tonnage deposit with relatively homogeneous TREO (Total Rare Earth Oxide) distribution amenable to open pit extraction.

- Excellent infrastructure and skilled work force in a mining friendly jurisdiction.
- A high voltage power line runs 11km west of the project, and a high pressure natural gas pipe line 8km to the east.
- Major rivers and aqueducts are within 8km, though local ground water supplies are likely to meet any future production needs.
- Majority of TREO report to the epidote-group mineral allanite (La-Allanite).
- High reporting of valuable Light LREO (83%) to Heavy TREO (17%) with extremely low thorium/uranium content with clear environmental advantages.
- Metallurgical test work successfully concentrated allanite samples via a combined process of gravity, magnetic and flotation separation.
- Rare earth concentrate was amenable to commercially available leaching technologies.

Maiden Field Work and Subsequent La Paz Expansion (Post Quarter)

Following receipt of the initial title applications, on the ground exploration commenced in October with an extensive detailed structural mapping and sampling program focused on high grade areas within the resource, in addition to the collection of bulk samples for metallurgical test work programs (Figure 2).

All rock chip samples have been submitted for processing with results expected to be reported in Q4.

Of great significance to the Company during this maiden exploration fieldwork was the identification of a significant extension to the current NI 43-101 Resource Estimate to the South West.

As such, the Company moved quickly and announced late in October its major expansion of the La Paz Rare Earths Project following the successful results of its maiden field work.

The Company has submitted applications on a further 660 hectares of tenements located adjacent to the existing La Paz tenements to secure the full rare earth potential of the region. Applications were submitted to the Bureau of Land Management for an additional 112 unpatented lode mining claims (660 hectares) which is expected to be granted in coming months.

The Company is currently continuing with Preliminary Economic Assessment at La Paz with further bulk samples currently being obtained to progress metallurgical testwork and support the technical and commercial project analysis.



Figure 2. Results from recent field activities at the La Paz project: **A.** High grade oxide rare earth mineralisation at surface; **B.** Mapping ridges of high grade mineralisation extending into new title application; **C.** Bulk oxide mineralisation samples ready for metallurgical test work programs; **D.** World class infrastructure within 5km of the La Paz Project.

Additional drilling programs may be required for JORC 2012 conversion to underpin a Scoping Study to Pre-feasibility Study level analysis.

Acquisition Background

Utilising the Company's successful track record of implementing development projects in strategic metals, the La Paz Acquisition has provided BPL with an opportunity to expand the Company's exploration horizons from principally the Murray Basin/Broken Hill regions but also, to use the expertise and knowledge gained from the successful development of the Thackaringa cobalt project at Broken Hill. Thackaringa is a large low-grade strategic metal deposit with good infrastructure and the La Paz deposit offers similar opportunities, though with a number of unique strategic properties.

The US presented itself as an ideal jurisdiction for the Company to seek rare-earth opportunities given the search for and development of rare-earth deposits has

been identified as strategically essential, garnering strong government support. The US Federal government and Pentagon have both published recent articles highlighting the need for domestic supplies of strategic metals including rare earth elements and titanium/ zirconium. The current trade and political landscape offer shareholders exposure to growth markets that are seeking to diversify supplies globally.

Applying the successful techniques that BPL utilised to advance the Thackaringa cobalt project and taking advantage of the expertise and low cost structure utilising North American resources, the Board of BPL believe that this acquisition and development of a resource base in Arizona will transform the company.

BPL have been fortunate in that one of its directors has had long exposure and experience with the La Paz project, in addition to obtaining the services of the key local technical management previously involved in the project to allow BPL to hit the ground running.

CORPORATE

Placement and Share Purchase Plan

The Company is currently seeking to raise A\$0.5 million by a non underwritten placement of 20 million ordinary shares at A\$0.025 each, in addition to carrying out a Share Purchase Plan to Eligible Shareholders to raise a further A\$1.1 million at the same issue price per Share of A\$0.025.

Funds raised will primarily be used to advance the technical assessment of the recently acquired La Paz Rare Earth Project.

The issue price for the Placement and the SPP represents a 22.0% discount to the Company's share closing price on Friday 27 September 2019. The Company intends to raise up to A\$1.1 million under the SPP, which will not be underwritten. The Placement will be conducted without a prospectus, with the

Shares being offered to and subscribed for by investors to whom disclosure is not required. The Placement is not subject to shareholder approval and will be completed pursuant to the Company's existing 15% equity securities capacity under ASX Listing Rule 7.1, with up to 22.1 million shares available to be issued without shareholders' approval.

The SPP provides the opportunity for eligible shareholders to each subscribe for up to \$30,000 worth of new Shares in the Company. The Company's directors have each indicated that they will participate in the SPP.

Timing of Offer

The timing of the Share Purchase Plan has been extended and as such the new indicative timetable for closing and completion of the offer is as follows:

Date	ASX Trading Day	Description	Actions
Friday 27 September 2019	-1	Record Date	Date on which Broken Hill Prospecting determined the Eligible Shareholders
Monday 30 September 2019	0	Offer Announcement	Offer is announced to the market
Wednesday 9 October 2019	7	Offer Date	Offer opens and Offer documentation dispatched to eligible shareholders
Wednesday 6 November 2019	27	Closing Date	Date on which Broken Hill Prospecting determined the Eligible Shareholders
Thursday 14 November 2019	33	Allotment Date	New Shares allotted
Friday 15 November 2019	34	Trading Date	Trading of new Shares allotted under the Offer to commence
Wednesday 20 November 2019	37	Dispatch Date	New Share Statements sent to Shareholders

Thackaringa Joint Venture - Update on Progress with Independent Expert Determination

Cobalt Blue Holdings Limited (ASX:COB) and BPL have been advised by the Independent Expert that he has yet to complete his determination on the Thackaringa Joint Venture dispute. COB will update the market when it has received and considered the determination.

BPL currently retains a 30% beneficial interest in the project and 100% legal title. Regardless of the outcome of the current Expert Determination review;

1. BPL will still retain a 2% royalty on any future cobalt production.

2. BPL also retains our rights to the base and precious metal projects (Zn-Pb-Cu-Ag-Au) within the Thackaringa tenements and in others that we own outright within the region.
3. BPL will retain our interest in industrial minerals covered by EL 8776 that overlaps the Thackaringa tenements

Heavy Mineral Sands (HMS), Murray Basin

Throughout the quarter, BPL has been actively promoting and seeking partners to assist development of its large tenement portfolio in the world class Murray Basin. Discussions are currently underway with a number of international groups seeking secure long term supplies of HMS due to increasing demand for the production of titanium and zirconium.



Anthony (Trangie) Johnston
Managing Director

Broken Hill
PROSPECTING

Diversified Exploration & Development Company

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Previously Released Information

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

29 October 2019	Major Expansion at La Paz Rare Earth Project, Arizona
30 September 2019	Annual Report June 2019
30 September 2019	BPL Investor Presentation
24 September 2019	La Paz Rare Earth Project Titles Approvals Received
21 August 2019	La Paz Rare Earth Project Acquisition Update
20 August 2019	BPL to Acquire Advanced La Paz Rare Earth Project USA
23 July 2019	CEO Letter to Shareholders
7 May 2019	Sydney Resources RoundUp Conference Presentation

BPL confirms it is not aware of any new information or data that materially affects the information included in the original market announcements, 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 announcements.

Competent Person's Statement

The information in this report that relates to exploration results, Mineral Resources and 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 who is the Managing Director and Chief Executive Officer of Broken Hill Prospecting Limited. 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 targeting the discovery and development of strategic technology mineral resources in the USA and Australia. The Company announced in August 2019 its entry into the lucrative US rare earth market, through the acquisition of the La Paz Rare Earth Project in Arizona which contains an existing NI 43-101 Resource. This Acquisition secures BPL as the only listed ASX company with exposure to the US rare earths market.

In Australia, BPL is focussed on two areas; the Murray Basin Region (Heavy Mineral Sands) and the Broken Hill Region (industrial, base and precious metals) including the Thackaringa Cobalt & Base/Precious Metal Project.

Tenement Holdings

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

La Paz Region, Arizona, USA

108 BLM Claims	100% La Paz Rare Earth LLC granted
1 Section State Claim	100% La Paz Rare Earth LLC granted
112 BLM Claims	100% La Paz Rare Earth LLC application

Broken Hill Region

EL 6622*	100% legal, 30% beneficial Broken Hill Prospecting Ltd
EL 8143*	100% legal, 30% beneficial Broken Hill Prospecting Ltd
ML 86*	100% legal, 30% beneficial Broken Hill Prospecting Ltd
ML 87*	100% legal, 30% beneficial Broken Hill Prospecting Ltd
EL 8773	100% Broken Hill Chemicals Ltd
EL 8774	100% Broken Hill Chemicals Ltd
EL 8775	100% Broken Hill Chemicals Ltd

Murray Basin Region

EL 6614	100% Murray Basin Minerals Pty Ltd
EL 8558	100% Murray Basin Minerals Pty Ltd
EL 8559	100% Murray Basin Minerals Pty Ltd
EL 8649	100% Murray Basin Minerals Pty Ltd
EL 8650	100% Murray Basin Minerals Pty Ltd
EL 006583	100% Murray Basin Minerals Pty Ltd
EL 006584	100% Murray Basin Minerals Pty Ltd
EL 006585	100% Murray Basin Minerals Pty Ltd
EL 6139	100% Murray Basin Minerals Pty Ltd

• These tenements are subject to the Thackaringa Joint Venture with COB.