

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
Base & Precious Metals

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
Managing Director

Ian Morgan
Company Secretary

Capital Structure

Ordinary Shares on Issue (30/1/17) **148M**

Options: Listed **47M**

Market Cap (undiluted at 1.6cps) **\$2.4M**

Broken Hill Prospecting Ltd

ARBN 003 453 503

Registered and Head Office
Suite 706 Level 7, 89 York St,
Sydney NSW 2000
GPO BOX 1546, Sydney NSW 2001
Tel +61 2 9238 1170
Email info@bhpl.net.au
Web: www.bhpl.net.au

Highlights

Projects

Murray Basin Heavy Mineral Sands

- All field activities in the Murray Basin Region have been deferred at the request of landowners due to the ongoing severe drought conditions.
- Further interpretation on newly processed magnetic geophysical data, combined with known heavy mineral intersections from historical drilling on Ouyen and Tyrrell Ridge in Victoria, was completed.
- Prospectivity analysis has identified 43 targets prioritised for drilling.

Broken Hill Base and Precious Metals

- All field activities in the Broken Hill Region have been deferred at the request of landowners due to the ongoing severe drought conditions.
- Deferred programs include:
 - Ground geophysical and sampling programs at the high priority Broken Hill style (Pb-Zn-Ag) Himalaya North and Pyramid Hill prospects on EL 6622 and EL 8143.
 - Geological mapping and geochemical sampling programs at the Burt and Catterson's (Cu-Co) Prospect on EL 8773.

Thackaringa Cobalt Project

- BPL retains a 30% beneficial interest in the Thackaringa Cobalt Project (Project) and 100% legal ownership of the tenements where the Project is based.
- BPL also retains all base and precious metals rights and has a 2% Net Smelter Royalty on all future production.

Corporate

Corporate overhead cost reduction program implemented with new office address:

Suite 706
Level 7
89 York Street
Sydney NSW 2000

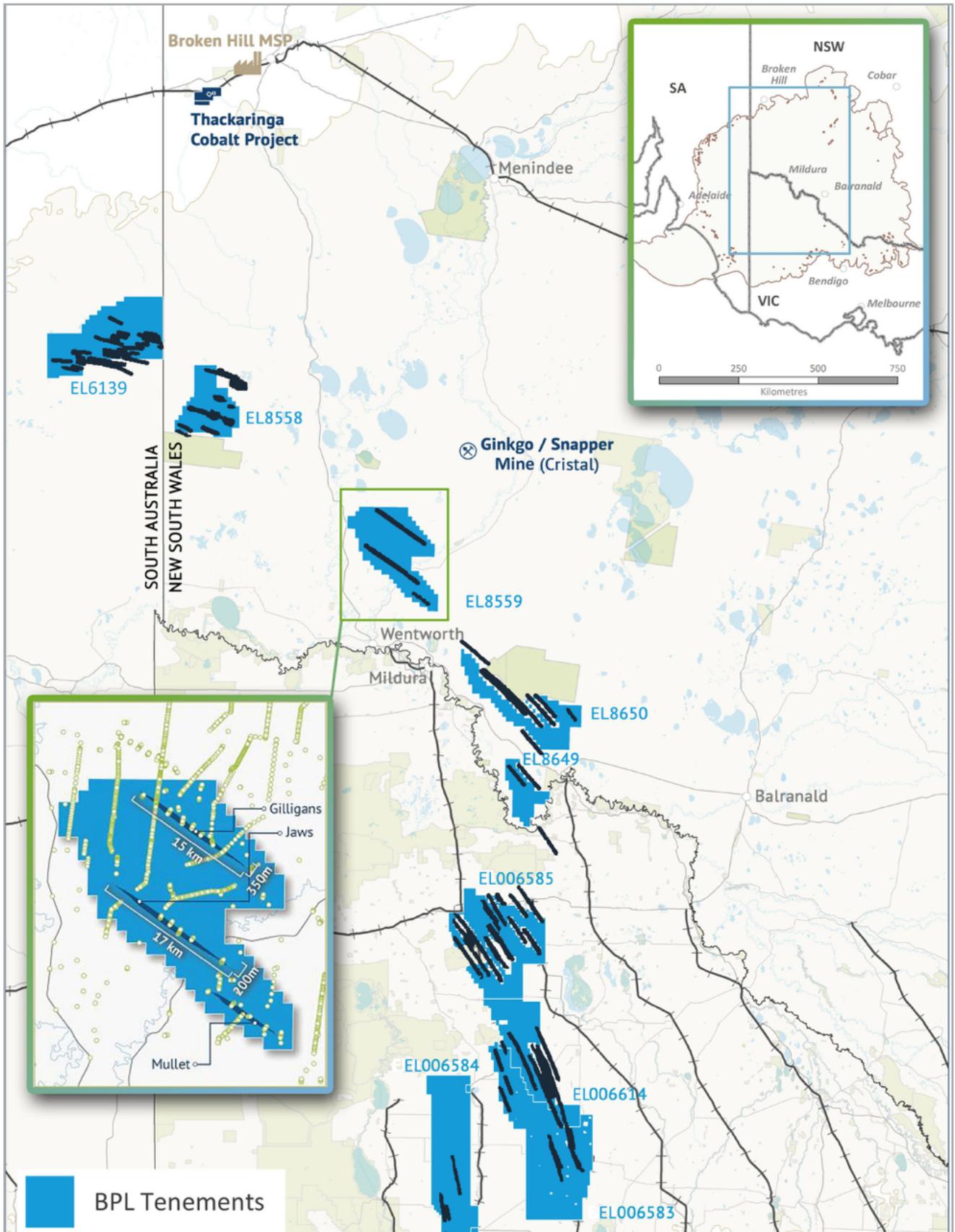


Figure 1. BPL has the largest tenement holding in the world class Murray Basin HMS province.

Heavy Mineral Sands (HMS), Murray Basin

BPL has commenced a new phase of low-cost mineral sands exploration in the Murray Basin of south-eastern Australia, using as a springboard the huge exploration investment already made by major companies since emergence of the basin in the 1990s as a world-class HMS province. The Company holds title over some of the most prospective exploration ground in NSW and VIC, areas that are close to infrastructure that is crucial to bring any HMS discovery into production (Figure 1).

There is considerable opportunity for valuable new discoveries by testing new geophysical targets, including interpreted extensions to known deposits, and through the follow up of isolated and/or poorly understood HM intercepts from historical drill programs. Exploration programs will require a relatively small component of targeted aircore drilling to test the most promising anomalies, with the ability to immediately infill adjacent to any high-grade intersections.

Newly-developed mobile mining and processing technologies have created an imperative to reassess the economics of a broad range of high-grade heavy mineral sands strandline deposits where potential production has been discounted or indefinitely deferred by major HMS producers.

Strong market conditions for Rutile, Zircon and Ilmenite feedstocks existed in 2018 and the outlook for 2019 and beyond continues for steadily strengthening demand and commodity prices.

The Euston and Ouyen project areas present a significant exploration opportunity. Extensive drill hole datasets are available, largely the product of district scale work by Iluka Resources Ltd.

BPL aims to define and upgrade Mineral Resources at existing and newly discovered deposits on the NSW and VIC leases through a modest component of infill drilling, guided by the existing high-quality drilling databases and geophysics. The Company has previously JORC 2012 resources at the Jaws and Gilligans strandlines of the Central Para district in NSW. Once resources are estimated to the required standard, projects can undergo internal assessment and ranking using economic parameters introduced by a new mobile production model adopted by BPL.

Although on-ground exploration has been deferred due to the prevailing drought conditions, significant progress was made with drill hole targeting which will greatly improve the efficiency of future drilling. Modern aeromagnetics data covering more than 60% of BPL's Victorian HMS tenements has been re-processed with state-of-the-art filters specifically developed for HMS exploration (Figure 2). 150 linear magnetic anomalies were interpreted in the filtered magnetics, with 43 regarded as having significant potential and prioritised for drill testing. The highest priority targets include:

- Extensions to the Pirro deposit mined by Iluka Resources.
- Extensions of the Gypsum and Tempy strands south of Ouyen.
- Testing of the Roselyn and Curyo strandlines of the Curyo area.

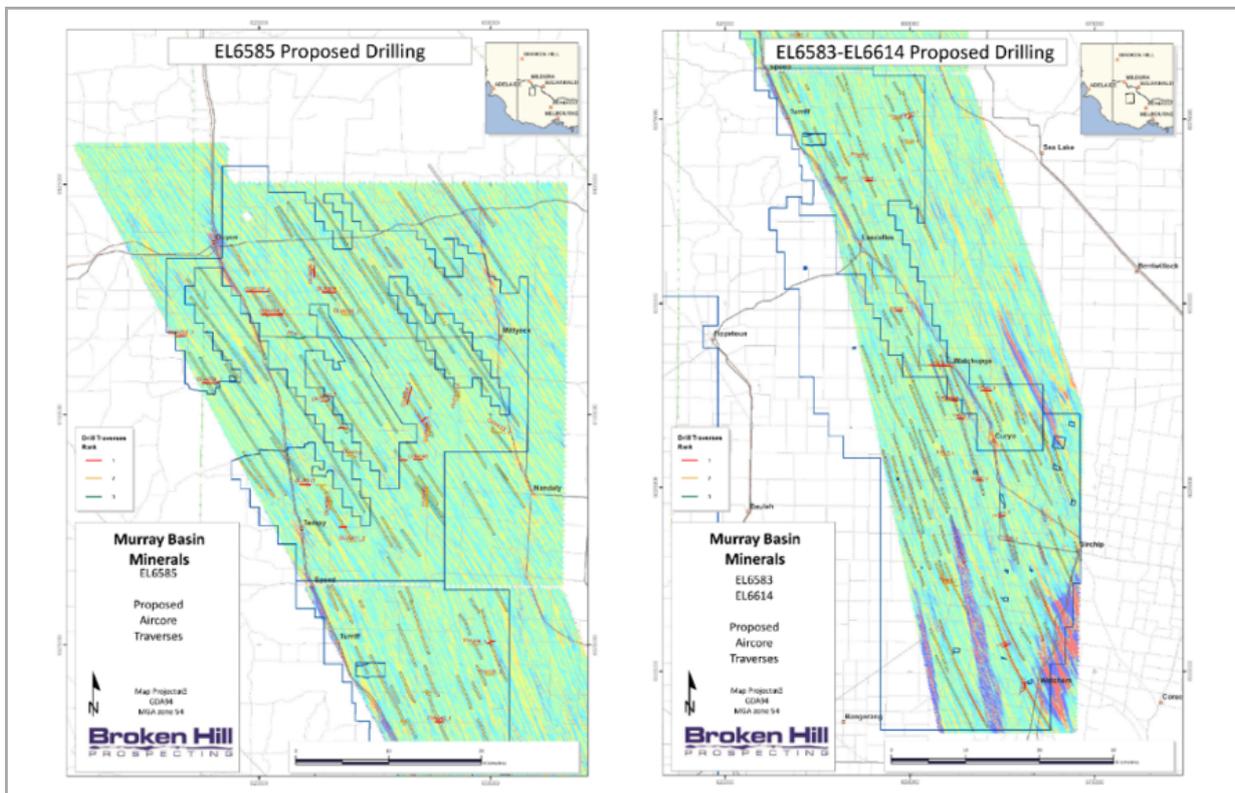


Figure 2. Interpreted magnetic anomalies for the Ouyen and Tyrrell Ridge HMS districts with high priority drill traverses.

Broken Hill Base and Precious Metals

All field activities in the Broken Hill region have been deferred due to the severe drought conditions and requests by landowners to defer programs until conditions improved. BPL is working closely with landowners and appreciates the difficult situation, especially after a number of recent intense heat waves affecting the region.

Planned on-ground geophysical and sampling programs at the high priority Broken Hill style (Pb-Zn-Ag) Himalaya North and Pyramid Hill prospects on EL 6622 and EL 8143 have been deferred.

Planned mapping and geochemical sampling programs at the Burt and Catterson’s (Cu-Co) Prospect on EL 8773 have been deferred.

Broken Hill Region Copper–Cobalt – A Change in Exploration Focus for the District

Apart from rare cases such as the Thackaringa Pyrite–Cobalt deposits (BPL and Cobalt Blue Holdings Ltd) and Copper Blow (Silver City Minerals Ltd), exploration for deposits hosted by the Thackaringa Group rocks were for many years discounted in favour of nearby Broken Hill-type Pb–Zn–Ag prospects. An upsurge in world demand for cobalt has changed this perspective and sparked a revival of exploration for economic copper and strategic metals in the iron-rich (pyrite or hematite/magnetite-bearing) horizons that occur throughout the Thackaringa Group. Rock chip sampling by BPL at Thackaringa, and Silver City Minerals and others around Broken Hill, has demonstrated that widespread Cu–Co geochemical anomalies at surface are associated with the Thackaringa Group rocks. Current work is aimed at defining these anomalies through more comprehensive sampling and ground-based geophysical techniques such as induced polarisation (IP).

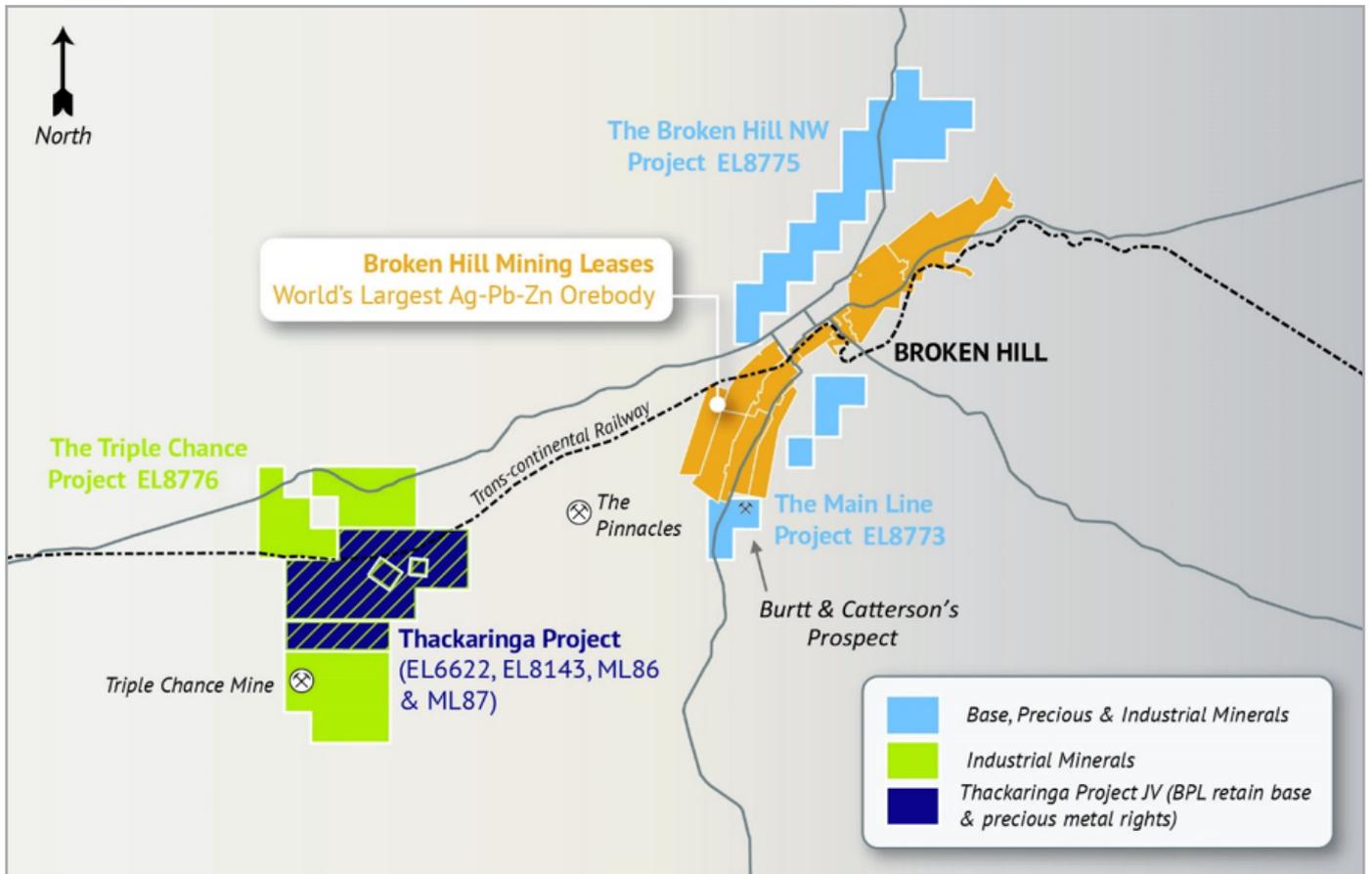


Figure 3. BPL’s extensive tenement portfolio in the world-class Broken Hill Province

Thackaringa Cobalt Project Joint Venture

Since the Thackaringa Joint Venture (TJV) Pre-feasibility Study (PFS) was released in July 2018, BPL has actively sought to negotiate a sensible and agreed path with COB so that the Project can be advanced. Given the large common shareholder base between the companies, BPL will continue to do this and remains open to a commercial solution.

On 21 November 2018, BPL released a 4-Step Action plan to restore shareholder value and confidence in Thackaringa and to ensure the Project's delivery. The Action Plan includes:

1. Appoint a respected, professional and independent manager.
2. Correct fundamental technical and commercial deficiencies in the PFS while taking into account current market conditions and the major correction in commodity prices in the battery space.
3. Jointly determine the appropriate scope and standard for the next stage of the Project.
4. Both companies utilising available cash resources effectively and living within our means to achieve these goals.

Seven disputes related to a number of TJV matters are currently under negotiation with COB, and include: the recent drilling campaign, role of COB as manager, dilution formula, stage 2 satisfaction, NSR calculation, 51% title transfer and dilution of BPL out of the TJV. These disputes are progressing through the dispute resolution process and remain unresolved.

COB released TJV Project updates on the 16 January, 5 & 26 February, and 4 April 2019 related to technical programs and resource upgrades. BPL has not received any reports or supporting data from COB that underpin the technical and commercial statements made in COB's public announcements.

Corporate

CASH POSITION

The Company's consolidated statement of cash flows for the Quarter is set out in the Company's 31 March 2019 Quarterly Cash Flow report (Appendix 5B). At the end of the Quarter the consolidated entity had \$948,000 cash and no debt. BPL has undergone a cost reduction program to reduce corporate overheads.

NEW OFFICE DETAILS

Suite 706
Level 7
89 York Street
Sydney NSW 2000



Managing Director

Broken Hill
PROSPECTING

Diversified Exploration & Development Company

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>

13 March 2019

[Half Yearly Report and Accounts December 2018](#)

26 February 2019

[Thackaringa Joint Venture Update](#)

31 January 2019

[Quarterly Activities and Cash Flow Report Dec 2018](#)

21 November 2018

[CEO's Letter to Shareholders](#)

31 October 2018

[Quarterly Activities and Cash Flow Report Sept 2018](#)

30 October 2018

[Thackaringa Cobalt Project Update](#)

4 October 2018

[New Assays Confirm Copper-Cobalt Mineralisation](#)

28 September 2018

[Annual Report 2018](#)

20 August 2018

[Broken Hill Exploration expansion & Cobalt Update](#)

4 July 2018

[Thackaringa Cobalt Project Pre-feasibility Study](#)

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 a diversified Australian exploration company focused on the discovery and development of strategic mineral resources across two primary geographical areas; the Broken Hill Region (industrial, base and precious metals, including the Thackaringa Cobalt & Base/Precious Metal Project) and the Murray Basin Region (Heavy Mineral Sands).

BROKEN HILL REGION

BPL has a number of project interests in the Broken Hill region and is actively expanding its exposure to this world class mineral province.

The Thackaringa Cobalt Project is strategically located 25km south-west of Broken Hill, New South Wales, adjacent to the main transcontinental railway line. Current deposits are open at depth and account for 4.5km strike of mineralised outcropping ridges with excellent potential for resource expansion.

The Thackaringa Cobalt Project is under a Farm In and Royalty Agreement with Cobalt Blue Holdings Ltd (ASX:COB) with BPL currently retaining 30% equity in the project and 100% legal title.

BPL will receive a 2% net smelter royalty on all cobalt produced from the Thackaringa tenements for the life of mine. In addition, BPL retains the base and precious metal exploration rights over the Thackaringa tenements, where it is actively exploring for Broken Hill (Pb-Zn-Ag) style mineralisation.

MURRAY BASIN REGION

BPL has built a substantial portfolio of Heavy Mineral Sands (HMS; titanium & zircon) Projects within the world-class Murray Basin. BPL now holds the largest tenement portfolio in the Murray Basin.

Value adding exploration and potential project acquisitions 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 amenable to processing through mobile plant equipment that could be deployed across the broader project area.

TENEMENT HOLDING

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

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.

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

Name of entity

Broken Hill Prospecting Limited

ABN

83 003 453 503

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(118) ¹	(503)
(b) development	-	-
(c) production	-	-
(d) staff costs	(35)	(125)
(e) administration and corporate costs	(209)	(623)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refunds	-	17
1.7 Research and development refunds	-	78
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(359)	(1,143)

¹ Exploration & evaluation payments totalling \$118,000 consists of exploration costs (\$21,000); consulting & employee costs (\$89,000) and other costs (\$8,000)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,307	2,091
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(359)	(1,143)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	948	948

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	906	1,307
5.2	Call deposits	42	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	948	1,307

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
76
-

Payment of directors' fees, officers' salaries and reimbursement of expenses.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

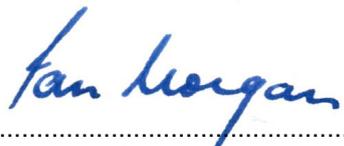
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	50
9.2 Development	-
9.3 Production	-
9.4 Staff costs	45
9.5 Administration and corporate costs	257
9.6 Other:	-
9.7 Total estimated cash outflows	352

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 30 April 2019

Print name: Ian Morgan

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.