

**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
Industrial Minerals

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 (31/1/18) **148M**

Options: Listed **47M**

Market Cap (undiluted at 7.8 cps) **\$11.5M**

Broken Hill Prospecting Ltd

ARBN 003 453 503

Registered and Head Office
Suite 1002 Level 10, 171 Clarence St,
Sydney NSW 2000
GPO BOX 1546, Sydney NSW 2001
Tel +61 2 9238 1170
Email info@bhpl.net.au
Web: www.bhpl.biz

Highlights - Growth Accelerates at Broken Hill and Murray Basin Projects

Corporate

- BPL is implementing the growth strategy articulated at its 2017 AGM. Improved share price performance in recent weeks demonstrates support for this strategy, with Company value re-rate expected to continue.
- Focus is sharpened on the Broken Hill regional strategy and Murray Basin Mineral Sands Project. The Thackaringa Cobalt Project continues to deliver very strong results based on new drilling results.
- Cash of \$2.9 million at 31 December 2017 and no debt means value-added initiatives can be met without an equity raising.
- Strong pricing for all key target commodities continues through the December quarter and into 2018.

Projects**Broken Hill Precious, Base and Industrial Minerals Strategy**

- A geophysical program targeting base and precious metals at the Thackaringa Project was completed during the December quarter and reported on 22 November 2017.
- Numerous high priority targets are identified, most with minimal modern exploration and no drilling.
- Additional tenement applications made during the Christmas period significantly expand BPL's regional footprint.
- An exploration program on all areas will commence during the March 2018 quarter.

Murray Basin Heavy Mineral Sands Project

- BPL holds the largest tenement portfolio in the world class Murray Basin, focussing on high-grade, low-tonnage, shallow deposits with high value mineral assemblages.
- New tenement applications are nearing approval and an extensive exploration program for all tenements is to commence during the March 2018 quarter.

Thackaringa Project - Cobalt Blue Joint Venture

- A major drilling program comprising 74 holes for 12,459m was completed. The results demonstrate strong continuity of cobalt mineralisation along strike and down dip where the deposit remains open below 300m.
- Pre-feasibility studies are advancing well, including metallurgy and process design, flora and fauna, hydrology, optimised site design and civil works.
- Targeting Indicated resource completion in April 2018 and pre-feasibility study in June 2018.

BROKEN HILL BASE, PRECIOUS, & INDUSTRIAL MINERALS STRATEGY

During the quarter and in early 2018, BPL's base, precious and industrial mineral strategy was enhanced with three new exploration licence applications in the Broken Hill region. The applications cover some 209km² and complement existing tenure. They significantly increase BPL's overall exposure to this world class mineral province. The areas applied for are shown on Figure 1 below, and comprise:

- **The Main Line Project (ELA5624 - Groups 1, 2 & 5)**
The application area is directly along strike from the Broken Hill Main Line of Lode and abuts the Broken Hill Mining Leases. A number of copper prospects in the area were subject of exploration in the past, however little modern exploration has been carried out.
- **The Broken Hill NW Project (ELA5622 - Groups 1, 2 & 5)**
The application area hosts a number of under-explored base metal prospects, in addition to extensive, known feldspar occurrences that warrant further investigation.
- **The Triple Chance Project (ELA5623 - Groups 2 & 5)**
The application area is located about 25km south-west

of Broken Hill where exploration activities targeting base and precious metals are carried out by parties including BPL. The area hosts a cluster of fluorite occurrences associated with Broken Hill Type base metal mineralisation and significant industrial mineral projects that demonstrate its economic potential, including the Triple Chance Feldspar Mine.

These three new projects, combined with the Company's exclusive rights to base and precious metals at the Thackaringa Cobalt Project (in joint venture with Cobalt Blue Holdings Ltd (COB)) form the nucleus of an expanded focus on the Broken Hill Region.

Apart from the clear potential for precious and base metals in this expanded tenement package, the Board believes that the industrial mineral potential of the Broken Hill Region has been systematically ignored over recent years. Large, advanced projects in the area have the ability to boost demand for infrastructure services and/or generate their own industrial mineral demands. This improves the case for further investigating this potential.

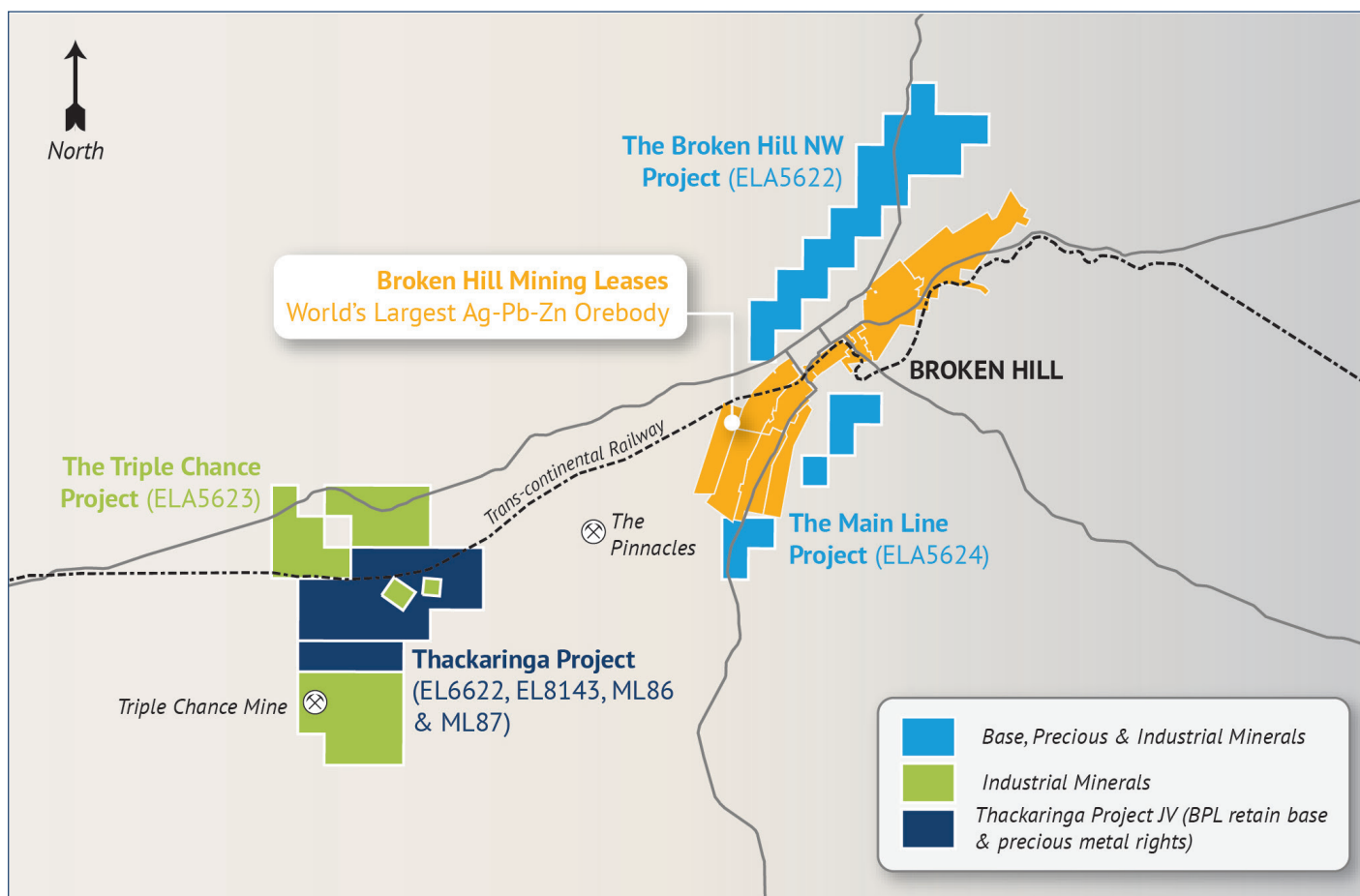


Figure 1. BPL's extensive tenement portfolio to underpin exploration activities in the world class Broken Hill Province.

THACKARINGA BASE & PRECIOUS METALS

Recent geological mapping, combined with newly acquired high resolution geophysics (heliborne electromagnetics (VTEM-Max)), has greatly enhanced base and precious metal exploration at the Thackaringa Project where BPL retain the rights to all copper, lead, zinc, silver and gold.

New targets can be broadly defined by stratigraphic host comprising the Thackaringa and Broken Hill Groups of the Willyama Supergroup (Figure 2).

The Broken Hill Group

The Broken Hill Group hosts the world class Broken Hill Pb-Zn-Ag deposit comprising 300Mt of ore containing 30Mt Pb, 24Mt Zn, 1B oz Ag and 1M oz Au. The same stratigraphic sequence is widely distributed across the Thackaringa Project area, with two prospects prioritised for further exploration (Figure 3):

- **Pyramid Hill:** Defined by outcropping 'lode rocks' persistent over 500m of strike and rock chip assays returning a maximum of **7.5% Cu, 40g/t Ag, 1g/t Au, 0.1% Ni, 0.2% Pb & 0.4% W**. Pyramid Hill has been subject to shallow reconnaissance drilling, targeting approximately 150m of the mapped extent with results including **5m at 0.23% Cu, 1g/t Ag, 0.66g/t Au, 0.04% Zn, 103ppm Co & 569ppm Ni from 64m** (11RCPM01).
- **Himalaya North:** Characterised by a stacked sequence of 'lode rocks' mapped over 1,500m strike, with rock chip sampling returning a maximum **2.6% Cu, 5.9% Pb, 62g/t**

Ag & 0.8% Zn coincident with multiple quartz gahnite occurrences (a key vector for Ag-Pb-Zn style deposits within the Broken Hill terrain). Shallow reconnaissance drilling at Himalaya North has tested some 200m of the mapped extent, with results including **2m at 0.17% Cu, 0.17% Zn, 0.04% Pb & 7g/t Ag from 41m** (11RCHN3).

Thackaringa Group

The Thackaringa Group underlies the Broken Hill Group and hosts the Thackaringa Cobalt-Pyrite deposits with a Mineral Resource comprising:

- **Indicated:** 6.5Mt at 951ppm cobalt, 9.93% sulphur & 10.54% iron *and*
- **Inferred:** 48.4Mt at 905ppm cobalt, 9.51% sulphur & 10.14% iron (as released [5 June 2017](#) at a 500ppm cobalt cut-off).

BPL has identified numerous copper rich Broken Hill type targets within the Cues Formation (Figure 2) of the Thackaringa Group including:

- **Old Coolgardie West:** Defined by anomalous rock chip samples occurring over some 800m strike and returning a maximum **5.2% Cu, 140g/t Ag, 0.2g/t Au, 0.2% Ni & 0.1% Pb**. The zone is broadly associated with extensive garnet amphibolites and laminated calc-silicates with a strong magnetic signature.

Planning is underway to conduct detailed ground geophysics (Induced Polarisation) in early 2018 to define drill targets over key prospects.

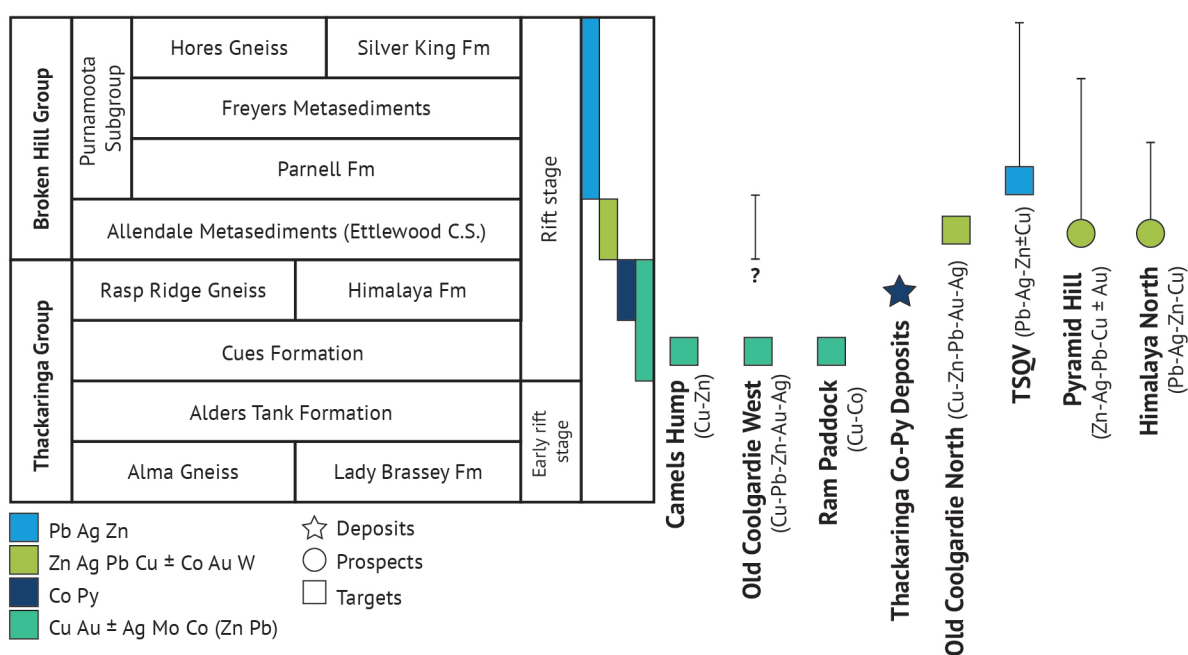


Figure 2. Thackaringa base and precious metal targets classified by stratigraphy, mineralisation style, metal affinity and stage of development.

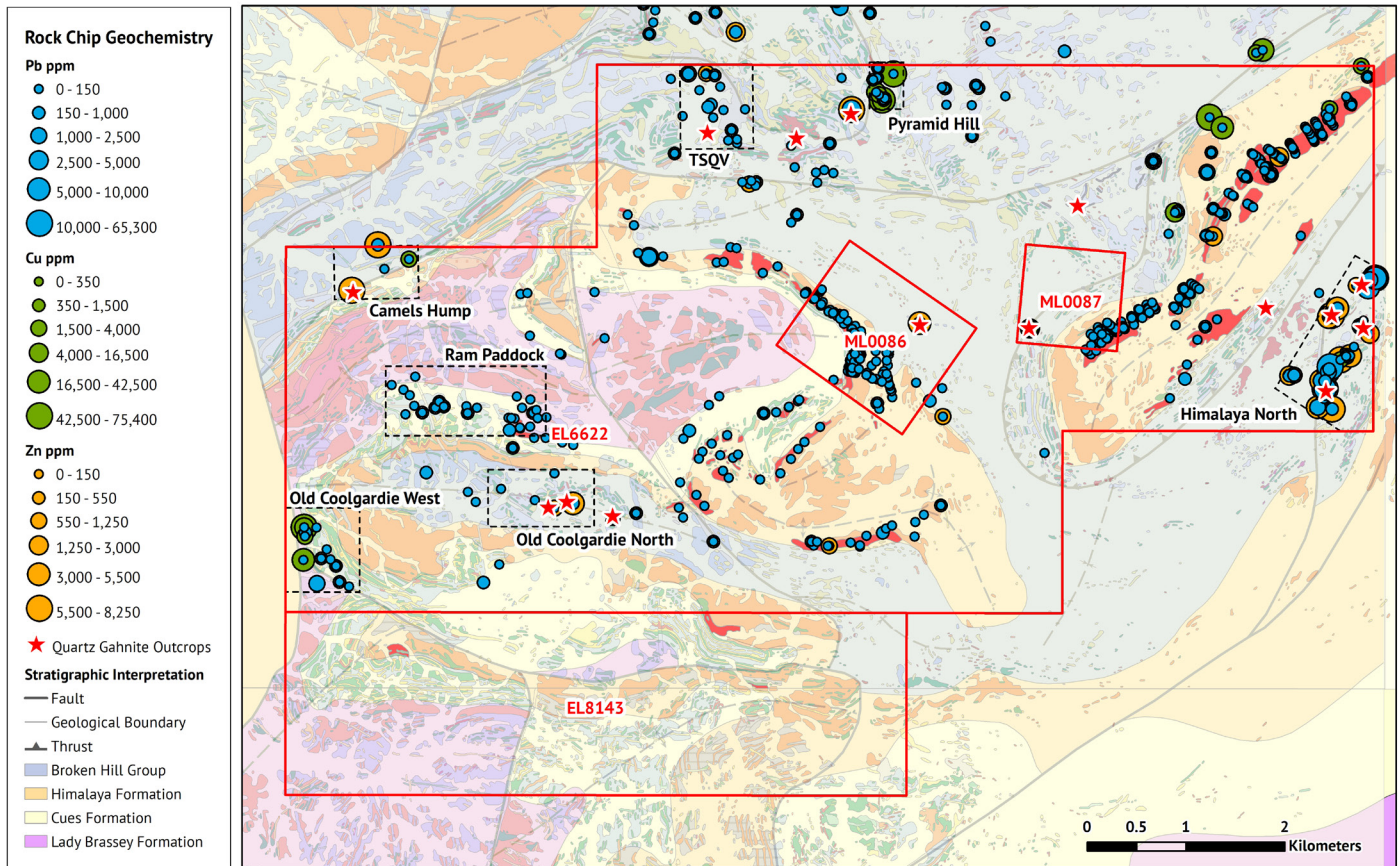


Figure 3. Thackaringa base and precious metal targets defined by regional rock chip geochemistry (Pb, Cu & Zn).

THACKARINGA PROJECT - COBALT BLUE JOINT VENTURE

Resource Definition & Geotechnical Drilling

A significant drilling campaign commenced at the Thackaringa project in October and was completed in December 2017. The program totalled 74 holes; 16 Diamond Drill (DD) holes and 55 Reverse Circulation (RC) drill holes and 3 RC holes with DD tails for a total 12,458.7 metres. The program was designed to upgrade the current resource to Indicated status, expand the overall resource base, provide comprehensive geotechnical information and provide sample for additional metallurgical testing.

The results demonstrate strong continuity of mineralisation along strike and down dip at the Railway, Pyrite Hill and Big Hill deposits and were released by COB on [4 December 2017](#) & [24 January 2018](#).

A Mineral Resource upgrade is anticipated for release by 1 April 2018.

Pre-feasibility Study

The Thackaringa project Pre-feasibility study is well advanced with the continuation of metallurgical test work and commencement of geotechnical, hydrological and environmental assessments. Results to date have been positive and the joint venture remains on track to complete Stage two deliverables by 30 June 2018.

MURRAY BASIN HEAVY MINERAL SANDS PROJECT

BPL Business Model

BPL's exploration and development plans in the Murray Basin commenced in late 2014 with the Company completing extensive technical studies to confirm the viability of a low capex/low opex modular mobile mining concept.

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.

New Footprint

BPL has continued expansion of its HMS tenement portfolio securing the Company's position as the largest tenement holder within the world-class Murray Basin. This strategic growth is the result of an extensive data compilation and prospectivity analysis that has equipped the company with a unique proprietary database comprising approximately 45,000 drill holes and 1.5 million metres of drilling. The database reflects a total exploration replacement value of approximately \$65 million in today's terms (drilling and assay only).

New Tenements Granted

BPL's two new tenements are EL8650 Euston North and EL8649 Euston South. They are located approximately 20km east of Mildura, NSW, and boost the Company's footprint in the region to now exceed 2,500km². The Euston project areas host multiple strandlines, with heavy mineral sand (HMS) mineralisation persisting over several kilometres of strike. Initial exploration activities will focus on geological modelling and data validation as applied at BPL's Central Para area nearby. This would contribute to a substantial increase in the Company's mineral resource inventory, which already comprises the Jaws and Gilligans deposits.

New Tenement Applications

Four applications have been lodged over prospective ground in Victoria and South Australia. The granting of these tenements is expected imminently and will mark a significant expansion of interest across the broader Murray Basin.

The tenement applications include:

■ South Australia

The application area contains the Oakbank, Boxwood Dam and Johnsons Dam strandline HMS deposits which have had preliminary (non-JORC) resource estimates undertaken by previous explorers. These potential resource areas are located along strike from mineralisation in the Company's NSW tenements, including the Tararra strandlines (EL8558).

■ Victoria

The applications are favourably located within close proximity to key infrastructure, and are characterised by strandline mineralisation defined by shallow drilling. Mineralisation extends over to 15km strike, with overburden varying between 5 -20m.

State	Application	Name	Area (km ²)
Victoria	EL006583	Hopetoun Birchip	1425
Victoria	EL006584	Hopetoun Warracknabeal	1069
Victoria	EL006585	Ouyen	851
South Australia	ELA 2017/00201	Danggali North	1025
Victoria	EL006614	Tyrell Ridge	645

Table 1. Tenement applications lodged over prospective ground in Victoria and South Australia.

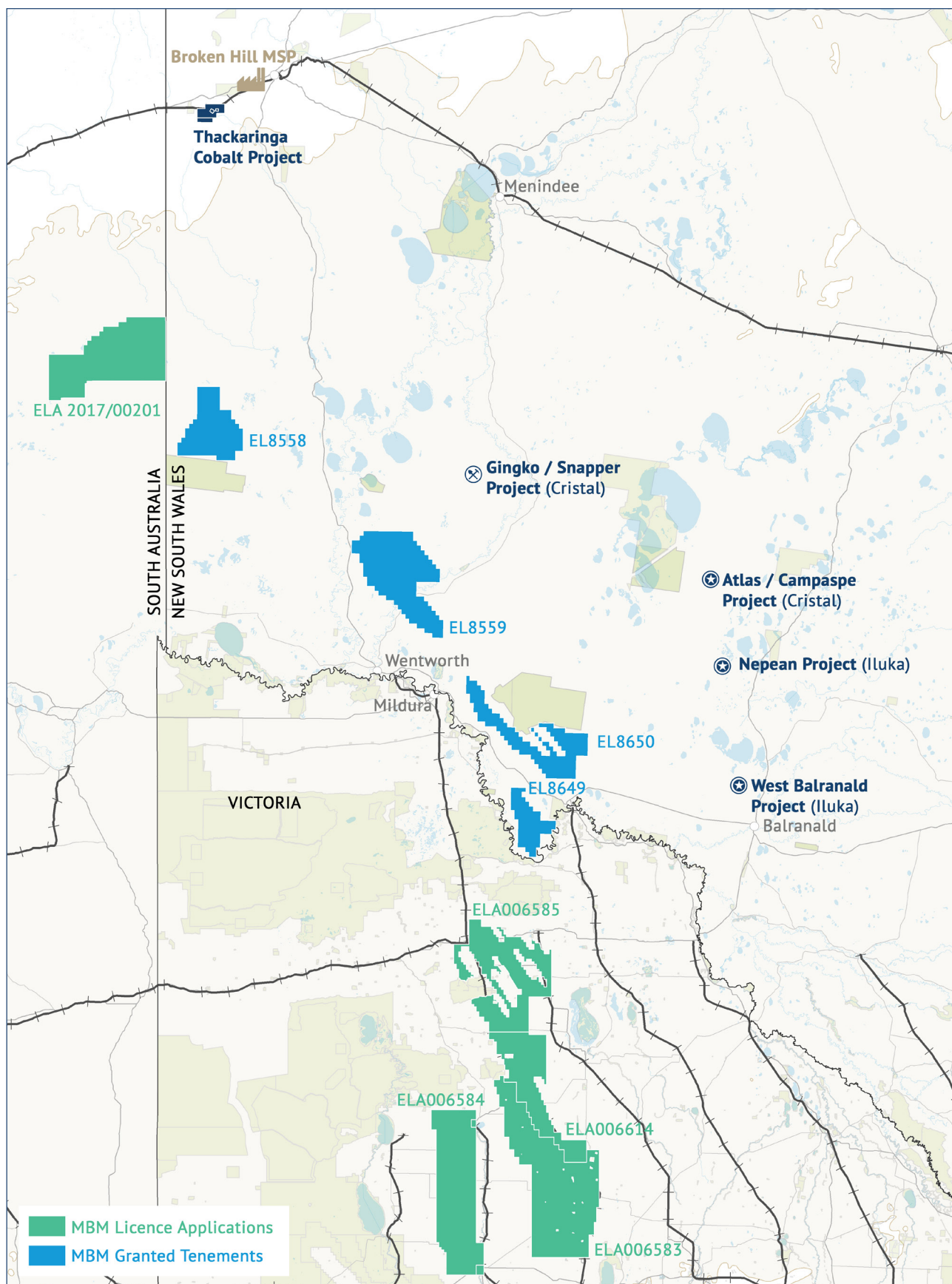


Figure 4. BPL's extensive HMS tenement portfolio within the world-class Murray Basin.

CORPORATE

Cash Position

The Company's consolidated statement of cash flows for the quarter is listed in Appendix 5B. At the end of the quarter the consolidated entity had \$2.9 million cash and no debt.

Management Changes

Subsequent to the end of the Quarter, Mr Trangie Johnson was appointed Managing Director of the Company.

New Acquisitions Program

The Board is continuing an active project review process, seeking to identify value adding acquisitions in the precious, base and industrial metal sectors, in the first instance focusing on (but not limited to) Australia.



Anthony (Trangie) Johnston
Managing Director

**For further information,
please contact**

Broken Hill
PROSPECTING

Tel: +61 2 9238 1170

Email: info@bhpl.net.au

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.biz>

- [23 January 2018 Broken Hill Base Precious Industrial Mineral Expansion](#)
- [18 January 2018 New Managing Director](#)
- [21 December 2017 2017 AGM Presentation](#)
- [12 December 2017 Latest Thackaringa Project Results](#)
- [22 November 2017 Multiple large base and precious metal targets found at Thackaringa Project](#)

- [4 October 2017 Murray Basin Heavy Mineral Sands Expansion Strategy Advances](#)

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 geographical areas; the Murray Basin Region (Heavy Mineral Sands) and the Broken Hill Region (base, precious and industrial metals, including the Thackaringa Cobalt & Base/Precious Metal 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. BPL now holds the largest tenement portfolio in the Murray Basin.

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 amenable to processing through mobile plant equipment that could be deployed across the broader project area.

THACKARINGA COBALT PROJECT

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. Mineralised outcrop extends for over 10km, with less than a quarter of this trend having been drill tested. The project is currently undergoing Pre-feasibility Studies.

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 \$10.9 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 is actively exploring for Broken Hill (Pb-Zn-Ag) style mineralisation.

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.

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

EL6622	100% Broken Hill Prospecting Ltd
EL8143	100% Broken Hill Prospecting Ltd
ML86	100% Broken Hill Prospecting Ltd
ML87	100% Broken Hill Prospecting Ltd
ELA5622	100% Broken Hill Prospecting Ltd
ELA5623	100% Broken Hill Prospecting Ltd
ELA5624	100% Broken Hill Prospecting Ltd

Murray Basin Region

EL8558	100% Murray Basin Minerals Pty Ltd
EL8559	100% Murray Basin Minerals Pty Ltd
EL8649	100% Murray Basin Minerals Pty Ltd
EL8650	100% Murray Basin Minerals Pty Ltd
ELA006583	100% Murray Basin Minerals Pty Ltd
ELA006584	100% Murray Basin Minerals Pty Ltd
ELA006585	100% Murray Basin Minerals Pty Ltd
ELA2017/00201	100% Murray Basin Minerals Pty Ltd
ELA006614	100% Murray Basin Minerals Pty Ltd

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 December 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	53	391
1.2	Payments for		
	(a) exploration & evaluation	(45)	(131)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(37)	(74)
	(e) administration and corporate costs	(275)	(419)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	10	13
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(195)	(195)
1.7	Research and development refunds	-	-
1.8	Other: Legal dispute and related costs	(18)	(589)
1.9	Net cash from / (used in) operating activities	(507)	(1,004)

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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	3,100
	(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 : Security Deposit	-	(20)
2.6	Net cash from / (used in) investing activities	-	3,080

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	-	-
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	3,386	803
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(507)	(1,004)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	3,080
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	2,879	2,879

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	2,879	3,386
5.2 Call deposits	-	-
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)	2,879	3,386

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
82
-

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
-
-

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.		

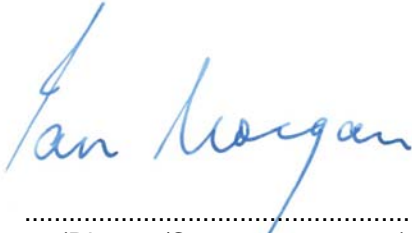
--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	52
9.2 Development	-
9.3 Production	-
9.4 Staff costs	62
9.5 Administration and corporate costs	165
9.6 Other:	-
9.7 Total estimated cash outflows	279

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	ELA006614 Birchip	Application	0%	100%
	ELA5622 Broken Hill	Application	0%	100%
	ELA5623 Broken Hill	Application	0%	100%
	ELA5624 Broken Hill	Application	0%	100%

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: 31 January 2018

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.