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ASX Announcement – For immediate release

Thackaringa Cobalt Project Pre-Feasibility Study

Positive Pre-Feasibility Study Results and Maiden Ore Reserve Estimate for the Thackaringa Cobalt Project

- Broken Hill Prospecting Limited (ASX: BPL) is pleased to acknowledge receipt of the Pre-Feasibility Study (**PFS**) from Cobalt Blue Holdings Ltd (ASX: COB) as Manager of the Thackaringa Joint Venture (**TJV**), details of which have been released by COB this morning.
- The PFS delivers strong results for the world class Thackaringa Cobalt Project, located on BPL's tenements near Broken Hill, NSW.
- COB submitted to BPL that it had met its TJV Stage 2 Hurdles. The TJV Management Committee has appointed an independent expert to review the PFS, confirming COB's submission that Stage 2 Hurdles have been satisfied. BPL will advise in due course the outcomes of this review.
- The PFS places a significant value on BPL's royalty on cobalt production at Thackaringa. BPL is reviewing the underlying royalty calculations and will advise the outcomes of that review in due course.
- The PFS confirms the Thackaringa Cobalt Project is of global significance as a sustainable, low-cost source of high purity cobalt sulphate for the battery revolution and recommends advancement to bankable feasibility studies.

BPL Managing Director and CEO, Trangie Johnston said

"Cobalt Blue's PFS demonstrates a robust project with excellent commercial metrics and potential for improvements as the project moves through bankable feasibility studies.

The projected commercial return to BPL from its royalty under the Thackaringa Joint Venture can now be assessed with some accuracy. This is an excellent outcome for BPL shareholders.

"BPL is conducting its technical review of the PFS and assessing COB's claims to have met its A\$2.5 million expenditure obligations under the TJV Stage 2 Hurdles.

Thackaringa Joint Venture Terms

COB can earn an interest up to 100% of the Thackaringa Cobalt Project if it completes a four-stage farm-in. To do so, COB must commit \$10.9 million in project expenditure before 30 June 2020 and pay BPL \$7.5 million in cash. BPL is further entitled to receive a 2% net smelter royalty on all cobalt produced from the Thackaringa tenements for the life of mine and retains rights to certain intellectual property (patent processing technology) developed by the TJV. Further details of are included on page 3.

BPL's 2% Royalty

Based on COB's PFS, BPL's 2% royalty is anticipated to deliver approximately A\$43 million to A\$48 million revenue over the anticipated life of mine.

BPL is currently reviewing the basis of the PFS royalty calculation to ensure that the methodology is correct.

BPL's rights to Thackaringa Intellectual Property

BPL's rights to intellectual property developed by the TJV flow from its ownership of the TJV. Under the terms of the TJV each party holds a right to utilise such intellectual property on a non-exclusive, world-wide, royalty free basis.

BPL is looking forward to advancing the commercialisation of the new technology. The patent application made describes a process for recovery of metal from pyrite-bearing material. This process potentially has broad application throughout the world. It comprises thermally decomposing pyrite to produce pyrrhotite and elemental sulphur, and then leaching the pyrrhotite to extract the target metal.

BPL's Base and Precious Metals Rights at Thackaringa

Under the terms of the TJV, BPL retains the rights to base and precious metals on the TJV tenements, where it's actively exploring for Broken Hill (Pb-Zn-Ag) style mineralisation. BPL's recent market announcements detail geological mapping combined with newly acquired high resolution geophysics, which greatly enhance the understanding of the district's geological framework and will support future base and precious metal exploration at Thackaringa.

The Broken Hill Group, which hosts the world class Broken Hill Pb-Zn-Ag orebody comprising 300Mt of ore containing 30Mt Pb, 24Mt Zn, 1B oz Ag and 1M oz Au, is widely distributed across Thackaringa with multiple prospects prioritised for further exploration. Newly discovered prospects characterised by outcropping quartz gahnite rock, a key vector for Broken Hill Pb-Zn-Ag style deposits, has greatly expanded BPL's search for these world class deposits.

Continued Success in Return of value to BPL shareholders

BPL's successful spin-off of COB was completed in February 2017, with investors seeking shares and options exceeding the \$10 million maximum being offered.

This important initiative has realised significant value from the Thackaringa Cobalt Project for BPL's shareholders. BPL's shareholders received 35 million COB shares, equivalent to 37% of the COB's issued shares under the IPO.

In addition, BPL shareholders received an entitlement to a 1:4 issue of COB bonus options (total: 8,750,000 options). The current value of this distribution is approximately A\$42 million based on COB's current share price for those shareholders that retained their COB equity.

BPL shareholders who retained COB equities have benefited greatly through this transaction. BPL continues to benefit from its exposure to the Thackaringa Cobalt Project as a joint venture participant and royalty holder, through entitlements to utilise intellectual property and the \$7.5million payment due with a decision to mine.

Along with BPL's strategic divestment of non-core mineral sands assets in mid-2017, the Company continues to demonstrate a keen eye for value adding and monetisation to the benefit of all BPL's shareholders.

Summary of COB's Hurdles under the TJV Agreement

	Hurdle	Status
Stage 1	For COB to retain the 51% beneficial interest, then during the period commencing ending no later than 1 April 2018, COB must:	
	(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	Completed
	(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	Completed
	(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	Completed
	(iv) Expenditure under (ii) and (iii) in aggregate must be not less than \$1.4 million and not greater than \$1.6 million	Completed
	(v) Complete prior to 30 June 2017 a Scoping Study	Completed
Stage 2	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:	
	(i) A \$2.5 million approved exploration program within the JV area	Completed, subject to BPL's review
	(ii) Complete a Pre-feasibility Study	Completed, subject to BPL's review
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.	
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.	
	BPL has also been granted a 2% net smelter royalty on all cobalt produced from the Thackaringa tenements for the life of the mine	



A handwritten signature in black ink, appearing to read "Anthony Johnston", written over a horizontal line.

Anthony (Trangie) Johnston
Managing Director



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>

23 March 2018	<u>Major Strategic Partnership for the Thackaringa JV</u>
19 March 2018	<u>Significant Thackaringa Resource Upgrade</u>
23 January 2018	<u>Broken Hill Base Precious Industrial Mineral Expansion</u>
22 November 2017	<u>Multiple large base and precious metal targets found at Thackaringa Project</u>
27 September 2017	<u>Geophysical Survey and 3D Modelling Commences at Thackaringa</u>

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 (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.

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.

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.

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, 49% beneficial Broken Hill Prospecting Ltd
EL 8143	100% legal, 49% beneficial Broken Hill Prospecting Ltd
ML 86	100% legal, 49% beneficial Broken Hill Prospecting Ltd
ML 87	100% legal, 49% beneficial Broken Hill Prospecting Ltd
ELA 5622	application Broken Hill Chemicals Ltd
ELA 5623	application Broken Hill Chemicals Ltd
ELA 5624	application 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