

**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

Geoff Hill
Non-Executive Director

Matt Hill
Non-Executive Director

Denis Geldard
Non-Executive Director

John Petersen
Chief Technical Advisor

Ian Morgan
Company Secretary

Capital Structure

Ordinary Shares on Issue (31/01/20) **186M**

Market Cap (undiluted at 1.8cps) **\$3.3M**

Broken Hill Prospecting Ltd

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HIGHLIGHTS

- ANALYSIS OF BULK SAMPLES UNDERWAY
- BOARD AND MANAGEMENT CHANGES
- RIGHTS ISSUE PROGRESS

Bulk Sampling Program

Our technical team has completed the preliminary assessment of the results of the last exploration program in the 4th quarter of 2019. This programme involved the mapping and sampling of the new areas acquired by La Paz Rare Earths, which are approximately equal in size to the current original leases acquired in August 2019. The sampling, detailed results of which will be released to the market shortly, are positive and comparable with the original sampling on which the original NI 43 101 report was based. Work carried out during the sampling programme is as follows:-

In October 2019 approximately 25km² of the La Paz Project was geologically mapped and further rock chip samples collected.

Both the mapping and sampling programs were designed to provide additional information to understand the controls to the Epidote hosted REE mineralisation at La Paz and to better interpret the previously undertaken regional rock chip sampling programs and shallow RC drilling programs.

Work was undertaken in two areas – the “resource” area covering approximately 10km² and the “extension area” covering approximately 20 km² (though only 15km² was actually mapped due to time constraints.)

Both areas are separated by approximately 3kms of shallow alluvium, perched gravel beds and sheet wash deposits.

BROKEN HILL PROSPECTING MARKET UPDATE ASX ANNOUNCEMENT 10 FEBRUARY 2020

Both areas were mapped at a semi regional scale onto hard copy of high quality satellite imagery downloaded from Google maps. In addition to the mapping 55 rock chip samples, 7 petrology samples and 5 x 100kg “bulk samples” for potential additional metallurgical test work were collected. As with the historical samples the new rock chip samples were assayed for a suite of 60 elements (including the 15 REE) by method ME- MS 611 at ALS laboratories in Reno Nevada.

All data was georeferenced using QGIS software to produce a coherent data package to maximise our understanding of the La Paz project.

Geological Setting and Mineralisation

The basement geology consists of Proterozoic metamorphics, typically augen gneiss, granitic gneiss and quartz feldspar gneiss with a pronounced S1 foliation reflecting original bedding. The S1 foliation is usually shallow dipping and undulose reflecting broad scale folding within the metamorphics.

These were then intruded by large masses of Proterozoic granodiorite which is characterised by a weak foliation and strongly fractured rubbly outcrop. This was followed by the intrusion of an unfoliated Proterozoic granite and unfoliated Proterozoic gabbros and small mafic diorite bodies.

All of the above units have been intruded by swarms of narrow dioritic dykes.

These units form part of the “Lower Plate” of the Arizona Basin and Range Province at La Paz.

Within the mapped area the “Upper Plate” sequences are represented by two small outcrops of Palaeozoic limestone and extensive areas of Tertiary red beds. These either unconformably overlie or are thrust over the “Lower Plate” units.

Recent basin fill gravel beds, sheet wash deposits and gravel rich alluvium deposits cover between 40 to 50% of areas mapped. It is believed these deposits are not substantially thick.

Extensive areas of propylitic alteration (dominated by chlorite and epidote) are present in both areas mapped. Visually the alteration is strongest within the “granodiorite” intrusive and the surrounding metamorphics. Within the granodiorite in the “resource area” a + 100 meter wide zone trending 070 degrees contains scattered blocky outcrops of strongly altered and bleached material that hosts strong Epidote mineralisation.

In general, the “Resource Area” appears to be slightly better mineralised (visually) although rock chip sampling indicates similar grade zones extending into the extension area.

No epidote mineralisation was observed in the upper plate rocks except as epidote veining in clasts within conglomerate beds.

Exploration Potential

Regional Targets. A review of the project rock chip data has highlighted several areas of significant exploration potential outside of the current resource. Rock chip samples within these areas have similar grades to samples within the current resource area and combined these targets cover an area two times. Drilling within these areas has the potential to double the volume of the current resource to a depth of only 30 meters. The opportunity exists to significantly increase total tonnes and would also enable the cut-off grade to be lifted while allowing an increase in the resource grade.

Geological Domaining

The recent litho geochemistry review of the historical drilling was able to break the Lower Plate into 4 separate lithologies rather than one single unit used in the Resource estimate. The review also highlighted

BROKEN HILL PROSPECTING MARKET UPDATE

ASXANNOUNCEMENT 10 FEBRUARY 2020

the majority of the REE grade was within the metamorphics and granodiorite, rather than the felsic and mafic intrusives. The creation of a 3D geological model incorporating the 4 litho-geochemistry units would potentially allow lithological domaining out the lower grade units generating a higher grade for the remaining resource.

Corporate

Managing Director's Resignation

The Board of Broken Hill Prospecting Ltd [**ASX: BPL or Company**] regrets to advise that it has received a formal notice of resignation by our Managing Director, Mr Anthony (Trangie) Johnston.

This resignation follows a period of illness suffered by Mr Johnston and confirms his inability to continue in the role of Managing Director. The Board wishes Mr. Johnston a speedy recovery and looks forward to an ongoing association in the future.

Chief Technical Advisor's Appointment

Mr John Petersen, an eminent Arizona based geologist who found the La Paz Rare Earth deposit, visited Australia last week to meet with BPL.

We are pleased to advise that Mr Petersen has agreed to take on the role of our chief technical advisor in respect of the development and commercialisation of our rare-earth deposit at La Paz in Arizona, which is held by our wholly-owned subsidiary La Paz Rare Earth LLC. Mr Petersen's appointment will be followed by the establishment of a management team under a CEO based in the USA, to drive the expansion development and understanding of the opportunities for rare earths in the USA. Deposits such as La Paz are now becoming strategically significant to the US Government.

Renounceable Rights Offer

The Board has been very encouraged by the support shown for the current rights offer from major shareholders and renewed market interest in BPL. The current offer price of 1.5 cents per New Share with one free attaching Loyalty Share issued for every eight New Shares, to Eligible Shareholders retaining their New Shares for 12 months, is priced at a 26.1% discount to the current market price of 1.8 cents per Share.

Eligible Shareholders, who have not already done so, need to complete their Application Form and immediately forward the necessary documents to protect their entitlement to New Shares and participate in the bonus Loyalty Share entitlement, as the Offer closes 5.00pm Sydney time Monday 17 February 2020.¹

For and on behalf of the Board.



Creagh O'Connor
Chairman

¹ The above event, date and time is indicative only and may be subject to change. The Company reserves the right to amend the event, date and time without notice, subject to the Corporations Act, the ASX listing rules and other applicable laws. In particular, the Company reserves the right to extend the Closing Date and to accept late applications. The commencement of trading of New Shares on ASX is subject to confirmation by ASX.

BROKEN HILL PROSPECTING MARKET UPDATE ASXANNOUNCEMENT 10 FEBRUARY 2020

Competent Person's Statement

The results contained in this report are based on information compiled by Mr Denis Geldard. Mr Geldard is a member of the Australian Institute of Mining and Metallurgy, he has considerable experience with the style of mineralisation and types of deposit under consideration and is considered to be a competent person under the JORC Code 2012

The mineral resources disclosed in this announcement are compliant with NI 43-101 standards which are close to the JORC Code in their key definitions. The La Paz mineral resources can therefore be quoted as "qualifying foreign estimates" according to ASX listing rules.