

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 10cps) **\$14.9M**

Broken Hill Prospecting Ltd

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Major Strategic Partnership for the Thackaringa Cobalt Project Joint Venture

LGI STRATEGIC ALLIANCE

- Broken Hill Prospecting Ltd (ASX: BPL) and Cobalt Blue Holdings Ltd (ASX: COB) today announced a major strategic partnership with LG International (LGI) involving their Thackaringa Cobalt Project Joint Venture (TJV) near Broken Hill, NSW.
- LGI is the resources investment arm of LG Corporation, and is acting in co-operation with LG Chem.
- LG Chem Ltd has strong technical leadership in the development of next generation batteries in particular for fixed storage and electric vehicles (EVs). LG Chem is the fourth largest EV battery maker globally.
- Under our partnership, LGI will provide capital and technical assistance for the TJV to make a high purity battery grade cobalt sulphate.
- COB has executed a binding term sheet with LGI to raise US\$6.0m (at A\$1.10 per COB share) by Monday 16 April 2018.

BPL's Managing Director, Trangie Johnston commented:

"The strategic alliance with LGI is a major win for the Thackaringa Cobalt Project and our Board welcomes LGI's partnership. The LG Group brings valuable expertise in product development and other disciplines to the joint venture and is a significant milestone along the road to developing this world class cobalt resource."

BPL's commercial interest in the Thackaringa Cobalt Project is significantly advanced by the involvement of LGI and we look forward to working with both of our partners to deliver the project as expeditiously as possible."

CREATING VALUE FOR BPL'S SHAREHOLDERS

BPL completed a successful spin-off of COB in February 2017, with investors seeking shares and options exceeding the \$10 million maximum being offered. The IPO was an important initiative for BPL to realise significant value from its then wholly-owned Thackaringa Cobalt Project.

BPL's shareholders received 35 million COB shares as part of the capital restructuring and distribution, which was equivalent to 37 per cent of the shares issued in COB's IPO. In addition, BPL shareholders received an entitlement to a 1:4 issue of COB bonus options totalling 8.75 million options.

Thanks to the subsequent upgrade of BPL's cobalt interests, the current value of this distribution is approximately \$50M based on COB's current share price for those shareholders who retain their COB equity.

COBALT BLUE'S THACKARINGA JV EARN-IN MILESTONES

BPL holds legal title to the Thackaringa tenement leases under the TJV, and COB can earn an interest up to 100% of the Thackaringa Cobalt Project if it completes a four-stage farm-in. It must commit \$10.9 million in project expenditure before 30 June 2020, and pay BPL \$7.5 million in cash. BPL will be entitled to receive a 2% net smelter royalty on all cobalt produced from the Thackaringa tenements for the life of mine.

Subject to COB completing its TJV Stage 1 milestones, COB has a 51% beneficial interest in the Thackaringa Cobalt Project with BPL retaining a 49% beneficial interest. For COB to retain its 51% beneficial interest, key deliverables by 1 April 2018 are a 40Mt Indicated Resource sufficient to support a Pre-feasibility Study to JORC 2012 standard and certain expenditure obligations. A Pre-feasibility Study to JORC 2012 standard is due by 30 June 2018, which forms part of TJV Stage 2 milestones for COB to earn up to a 70% beneficial interest.

ABOUT LG INTERNATIONAL

LG International executes resources investment strategy for the LG Group. Historically, LG International has specialised in global mining investment and operations.

LG International has now extended its focus to include 'Green Minerals', the raw materials of lithium-ion battery construction such as cobalt, nickel and lithium. LG International operates in close cooperation with LG Chem to secure Green Minerals for the LG Group.

ABOUT LG CHEM

LG Chem Ltd is Korea's largest diversified chemical company. It operates three main business units: Petrochemicals, IT & Electronic Materials and Energy Solutions. The company was founded in 1947 and now employs over 29,000 staff globally. The chemical business manufactures a wide range of products, from petrochemical goods to high-value added plastics. It also extends its chemical expertise into high-tech areas such as electronic materials and lithium ion batteries. With over 20 years' experience of development and production of these batteries LG Chem is established as one of the world's leading Lithium-ion manufacturers. The company is a primary supplier of lithium batteries throughout the world, for the mobile phone and hybrid/electric vehicle industries and Energy Storage System (ESS).



Anthony (Trangie) Johnston
Managing Director

**For further information,
please contact**

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PROSPECTING

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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>

19 March 2018

[Significant Thackaringa Resource Upgrade](#)

5 March 2018

[PFS – Calcine and Leach Testwork Complete – Strong Results](#)

24 January 2018

[Significant Thackaringa Drilling Program Complete](#)

12 December 2017

[Latest Thackaringa Project Results](#)

22 November 2017

[Multiple large base and precious metal targets found at Thackaringa Project](#)

27 September 2017

[Geophysical Survey and 3D Modelling Commences at Thackaringa](#)

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 a non-executive director of Cobalt Blue Holdings Limited, and 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 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 (industrial, base and precious metals, including the Thackaringa Cobalt & Base/Precious Metal Project).

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

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. 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.