

Highlights

- **Change of Broken Hill Prospecting Limited's (Company) name to American Rare Earth Limited is underway**
- **Establishment of US operations - La Paz Rare Earth LLC incorporated, and board appointments are underway**
- **Proceeds from A\$6 million sale of Thackaringa to Cobalt Blue completed**
- **Successful completion of rights issue raises A\$1.3M**
- **Scandium provides significant upside to La Paz**
- **Updated Resource estimate underway**
- **Exploration program covering expanded footprint underway**
- **GIS model and data digitisation complete**

Funding

Following completion of the recent successful rights issue which resulted in the issue of 87.3 million shares raising a total of A\$1.3 million your Company continues to accelerate the development of the La Paz Rare Earth Project.

The board is delighted with support from shareholders.

This places the Company in a strong position, as it progresses to develop the La Paz Rare Earth Project.

As previously announced, the sale of the Company's remaining equity interests in the Thackaringa Joint venture to Cobalt Blue (ASX:COB) has been completed. The first tranche of cash (A\$200,000) was received 17 January 2020 and the second tranche (A\$300,000) is to be paid by end March 2020.

The issuance of 9 million shares in Cobalt Blue to BPL, representing 5% of COB's issued capital, and the issue of both a A\$1 million convertible note and a A\$3 million deferred note to BPL, has taken place.

Through a 2% net smelter return royalty on COB's production, we retain exposure to the upside of the Thackaringa Project.

At COB's annual general meeting held 25 November 2019, COB reported an estimated Thackaringa Project life of over 20 years; mineral resource 111Mt for 79,500 t cobalt; 3,500 – 4,000 tpa of cobalt production (as cobalt sulphate); and 300,000 tpa elemental sulphur production.ⁱ Cobalt's spot price is currently US\$31,000 per tonne.ⁱⁱ In a recent letter dated 26 February 2020, COB's CEO reported that COB would make a final investment decision during Q1 2022.ⁱⁱⁱ

Broken Hill Prospecting Ltd (ASX: BPL)

An Australian exploration company focussed on the discovery & development of strategic technology mineral resources

Commodity Exposure

Earth Elements, Heavy Mineral Sands, Cobalt, Base & Precious Metals, Industrial Metals

Directors & Management

Craig O'Connor
Non-Executive Chairman

Geoff Hill
Non-Executive Director

Matt Hill
Non-Executive Director

Dennis Meldard
Non-Executive Director

John Petersen

Vice President American Rare Earth LLC
Exploration

Ian Morgan
Company Secretary

Capital Structure

Ordinary Shares on Issue (28/02/20) **254M**

Market Cap (undiluted at 1.2cps) **A\$3.0M**

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Change of Name – American Rare Earth Limited

With the completion of divesting its equity in the Thakaringa Cobalt Project, Broken Hill is no longer the Company's primary focus. Development in the USA of our Rare Earth Project at La Paz in Arizona is now the Company's primary focus.

This means that we need to identify more closely with the strategic position to day of rare earth deposits in the US. We have a significant investment in a very valuable resource through the Company's wholly owned subsidiary La Paz Rare Earth LLC.

Accordingly, your board resolved to change the name of your Company to American Rare Earth Limited for which the ASX ticker code ARR is reserved.

This change is the final step in the transition of your Company into a REE (rare earth elements) mining company following the acquisition of the La Paz Project completed Q2 2019.

La Paz Rare Earth Project – 100% Broken Hill Prospecting

Tucson, Arizona

The La Paz deposit, which was discovered by our recently appointed vice President Exploration Mr John Petersen in 2010, is a large REE deposit which has a number of unique features present providing a significant advantage to many REE exploration projects. These include the favourably low levels of Uranium and Thorium which traditionally have increased costs of processing rare earths both from a separation and disposal perspective as well as the location of the deposit in an area which has a favourable tax and regulatory environment reflective of the long history of mining in the area. A key feature of mining in Arizona is the existence of large low-grade deposits which provide long mine life and large footprint.

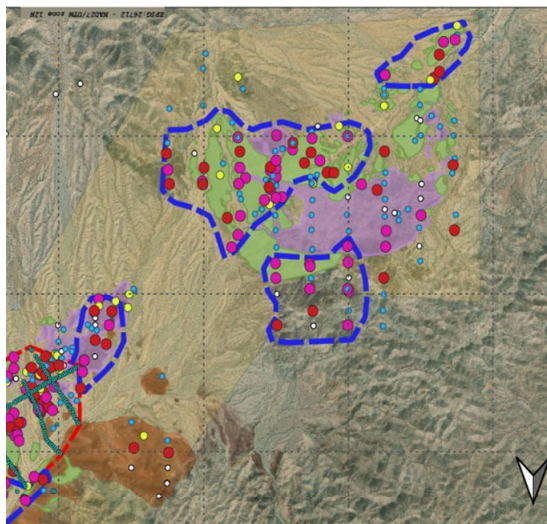
Over the last six weeks the Company's technical team have completed importing the base data into a GIS model which is the first of a number of key components in adopting all the known datasets into a single database. As announced in its recent letter to shareholders, the Company has now completed the analysis of both the existing area and recently granted expanded footprint where samples were taken in Q3 2019. This initial sampling, which confirms the extension of the resource as set out in Figure 1 below, is being analysed for the inclusion of Scandium as your Company commences the work program under the guidance of Mr Petersen and recently appointed Geological Consultants with an updated NI 43-101 resource estimate targeted for completion in Q4 2020.

It is important to note that the original work program resulted in economic grades of Scandium being identified, however the previous owner precluded Scandium from the original resource estimate. With current spot prices from US\$3,000/kg to over US\$5,000/kg, the inclusion of Scandium in the revised resource estimate covering the entire footprint of the Project area substantially increases the potential economics of the Project. Preliminary metallurgical analysis by Wood Consultants suggest the Scandium can be separated using the same process as would be used to treat the REE.

The NI 43-101 resource established in 2011 established an economic resource. The base case Mineral Resource Estimate for the Project is based on a cut-off grade of 300ppm (0.03%) supported by shallow drilling and over 3,000 assays. While a majority of the drilling was relatively shallow a number of core holes drilled to a depth of 200m supported an increase of grade at depth.

The Indicated Resources are estimated at 16.2 million tonnes at a grade of 373.4ppm and inferred resource of 112 million tonnes at a grade of 371.5 ppm. This equates to 12.1 million pounds and 83.3 million pounds of total rare earth elements (REE) respectively. These results are drawn from the NI 43-101 compliant report originally released to the market in the announcement of 21/12/2011 (ASX: AIW) (please see [NI 43-101 Report](#) for the full report).

The entire resource is within 100 feet (25m) of the surface, making it ideal for opencast mining methods



Company has already taken significant steps to increase the size of this resource through an extensive programme of structural mapping and bulk sampling completed in Q4 2019 for which further analysis is being undertaken, with the results expected Q3 2020.

Concurrent with this activity, the entire area together with historic and current sampling has been captured in a digital GIS model which is currently being used to enhance the quality of the estimate and support design of the ongoing exploration programme.

La Paz Indicated Resource				
	Tonnes (millions)	Grade above cut off (ppm)	Grade above cut off (%)	Lbs REE (millions)
Tc	0.4	337.7	0.033	0.3
Lower Plate	15.8	373.4	0.037	11.8
Total Indicated	16.2	373.4	0.037	12.1

La Paz Inferred Resource				
	Tonnes (millions)	Grade above cut off (ppm)	Grade above cut off (%)	Lbs REE (millions)
Tc	7.2	369.8	0.036	5.4
Lower Plate	104.8	371.6	0.036	77.9
Total Indicated	112	371.6	0.037	83.3

While the resource estimate which was completed in 2011 provides the base case for the La Paz Project, it is important to note that commercial levels of Scandium were not included in the original resource. An upgraded resource estimate is currently underway which will include Scandium which, with current spot prices from US\$3,000/kg to over US\$5,000/kg per kilogram, will have a significant positive impact on the Project's economics.

A gap analysis is underway following the completion of an initial report by Wood consulting group which showed the potential metallurgical route for the processing of the ore. Many REE projects have significant costs associated with the processing and separation of minerals, primarily due to the inclusion of radioactive material such as Thorium and Uranium - which are costly to remove and dispose of.

One of the unique features of the Project is the lack of hazardous materials therefore making processing and separation using existing proven technologies relatively straightforward.

Upon completion of the initial exploration program and updated resource estimate, a scoping study will be commenced with the aim of accelerating the Project into development and subsequent production.

A trenching program, which aims to confirm the continuity of the two resource areas, is targeted as one of the first key activities to be undertaken. With nearly double the footprint of the original resource area covered by the tenements held by BPL, the completion of a trenching program coupled with further sampling provides nearly twice the initial resource envelope in which the upgraded resource estimate will cover.

Recent Developments

- Prepared and sent a "Plan of Field Operations" to the Arizona State Land Department (ASLD) to notify them of plans to do surface sampling on the Arizona Mineral Prospecting permitted land at the La Paz Project.

- Appointment of local accounting, legal and professionals to La Paz Rare Earth LLC "LPRE"

- Appointment of Mr Larry Lehto, Geologist, who worked extensively at La Paz during 2010-2012 as a Consulting Geologist on the Project in the field.

- Identification of a suitable driller for the Project for the second half of 2020.

- Over the last two weeks, the Company completed a site visit to La Paz in order to identify the activities to be undertaken over coming months with a view to both expand the resource and select targeted areas for further exploration.

- Mr Clarence McAllister has been appointed to Chair La Paz Rare Earth LLC "LPRE", the operating vehicle and a number of potential board members have been interviewed.

- As Founder and CEO of Fortis, Mr McAllister leads the company's overall strategic direction. Fortis is a Design Build General Contractor based in Phoenix and established in 2000. The company serves government and commercial customers with projects nationwide.

- Recruitment of a US based CEO for LPRE is underway.

When meeting a number of parties, it was clear that the LPRE Project is of interest at both a state level as well as with local investor groups.

We intend to utilize our subsidiary to drive the Project in the next stages of exploration and development.

With the US based company having a local board and president, the potential for accessing the USDF who have a current mandate to seek American-based rare-earth supply is expected to be more straightforward

- While a number of rare earth companies are focused on a sole element, the La Paz Rare Earth Project holds a number of minerals and, as noted above, Scandium provides for a more streamlined mix in what is often a volatile pricing market.

Next steps

Having identified the initial targets for further exploration analysis the Company has appointed a geological consultant and a number of other specialist groups with work on the ground expected in the next few weeks. Whilst the initial resource provided a solid base case, the increasing of grades at depth, which were identified in a number of the initial drill results, will be targeted as part of the exploration program currently underway. Whilst samples taken in Q3 2019 covered a substantial amount of the Project area, key areas were unable to be accessed at the time due to terrain conditions. These areas will be sampled and, once complete, the results will be imported as part of the resource update.

The board has approved the exploration budget for the first half of the year

Summary

The transformation of your Company to developer with a world class Rare Earth Project is well underway. The US Government's focus on establishing a domestic rare earth industry is a key driver and powerful incentive for your Company to accelerate the growth and development of the La Paz Rare Earth Project. As a key US strategic resource, which through its development is made available to provide its output for U.S.-based processing. The potential opportunity to capitalise on growing developments in the REE market is substantial.

We believe that localising the management and operations of the Company in the US is an important step in ensuring the enhancement of value of the Project and your Company.

This market announcement has been authorised for release to the market by the Board of Broken Hill Prospecting Limited.

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.

ⁱ Refer Cobalt Blue's (ASX: COB) market announcement dated 25 November 2019.

ⁱⁱ Refer London Metals Exchange web-site 11 March 2020: <https://www.lme.com/en-GB/Metals/Minor-metals/Cobalt#tabIndex=2>.

ⁱⁱⁱ Refer Cobalt Blue's (ASX: COB) market announcement dated 26 February 2020.