

# Broken Hill Prospecting Ltd: Quarterly Activities and Cash Flow Reports March 2017

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Sydney - [Broken Hill Prospecting Ltd.](#) (ASX:BPL) is pleased to provide the Company's Quarterly Activities and Cash Flow Reports March 2017.

## Highlights

### Corporate

- Successful ASX spin-off of Cobalt Blue raised \$10m to fund the Thackaringa Cobalt Project through to production
- In-specie distribution of Cobalt Blue shares to BPL shareholders
- Refocussed corporate strategy towards becoming a significant heavy mineral sands producer in the world class Murray Basin, New South Wales

### Projects

#### Murray Basin Heavy Mineral Sands Project, NSW

- Extensive data compilation and prospectivity analysis identifies three new areas for tenement applications
- Targets identified include multiple, shallow, mineralised strandlines comprising high value heavy mineral assemblages
- BPL now has the third largest tenement portfolio in the Murray Basin, after industry leaders Iluka Resources and Cristal Mining
- Market confidence is high after sustained Titanium pigment price increases in past 12 months
- Exploration drilling underway, with an initial 1,500m program on BPL's 100% owned tenements

#### Thackaringa Cobalt Project, NSW

- Major drilling program completed
  - o A total of 53 holes for 6,472 meters (RC: 4,675m, Diamond: 1,797m)
  - o Grade and continuity of Cobalt-Pyrite mineralisation confirmed
  - o Drillhole 16DM06 (Railway Deposit);
    - 42m at 1,615ppm Co, 19.2% Fe & 20.5% S from 28m including;
    - 8m at 2,266ppm Co, 24.9% Fe & 27.7% S from 48m; and
    - 2m at 2,435ppm Co, 26.3% Fe & 28.7% S from 59m

- Extensive metallurgical and engineering programs underway
- Resource Upgrade expected May 2017
- Scoping Study due 30 June 2017

#### Murray Basin Heavy Mineral Sands Project, NSW

BPL has refocused its corporate strategy towards becoming a significant Heavy Mineral Sands (HMS) producer focusing on the world-class Murray Basin in western New South Wales.

## 100% OWNED PROJECTS

Murray Basin Minerals Pty Ltd, a wholly owned BPL subsidiary, applied for exploration licences for three new

tenements known as Central Para (ELA 5450), Tararra (ELA 5451) and Budgerie (ELA 5449). The tenement applications are located between Broken Hill and Mildura and adjacent to current project areas (see Figure 1 in the link below). Together with six exploration licences already owned wholly or in joint venture, BPL has the third largest tenement portfolio in the Murray Basin after industry leaders [Iluka Resources Ltd.](#) and Cristal Mining.

The new tenements cover shallow, high-grade HMS strandlines similar to those already identified by BPL at the Copi North and Magic deposits. These deposits, which hold resources of 14.2 Mt at 6.6% total heavy mineral (THM)1 and 15 Mt at 3.7% THM2 respectively, are owned in joint venture with Relentless Resources Limited (RRL).

The expansion of BPL's interests in the Murray Basin is the result of extensive data compilation and prospectivity analysis undertaken in recent months by BPL's expanded exploration and management team located in its new Sydney office. This analysis has armed BPL with a unique proprietary database comprising approximately 13,000 drill holes and 550,000 meters of drilling undertaken in the western sector of the Murray Basin. The database contains a total exploration replacement value of approximately \$20m (drilling and assay only) in today's terms. Ongoing data analysis is now being directed at the eastern sector of the Basin.

An initial exploration program comprising 1,500m of shallow drilling commenced late in April 2017 on the 100% owned Springwood tenement (EL 8309). To accelerate resource expansion, additional exploration programs are currently being defined on BPL's 100% owned tenements.

Initial assessment of the tenement application areas has identified numerous high value strandlines defined by previous explorers. BPL is excited about ELA 5450 (Central Para) which contains three mineralised strands identified as Jaws, Gilligans and Mullet (see Figure 1 inset in the link below). Similar to the 500 strandline defined in adjacent EL 8310 (Milkengay), each of these strands is characterised by relatively high value HMS assemblages rich in rutile and zircon. Iluka Resources has previously spent several million dollars assessing these areas.

#### 50% OWNED PROJECTS

Joint Venture between Broken Hill Minerals Pty Ltd (BHM), a wholly owned subsidiary of BPL and Relentless Resources Limited (RRL). This is a 50/50 joint venture between BHM and RRL in respect of EL8311, EL8385 and EL8312.

BPL's ASX announcements on 8 February 2017 and 18 April 2017 referred to RRL disputing the continued management by BHM of this joint venture. The dispute has not yet been resolved and is to be dealt with by the Supreme Court of NSW in a hearing commencing on 16 May 2017. While a commercial solution is preferred, BPL has rejected RRL's claims and retained senior counsel to protect its interest in the joint venture and assert its rights.

BHM is committed to completing the Pre-feasibility Study (PFS) on the Copi North Deposit. BHM has obtained final quotations from consultants whose work is necessary for completion of the PFS. BHM has submitted those quotations to RRL for approval.

#### FUTURE PLANS

BPL's strong cash position will enable it to conduct additional drilling during 2017 on other strandline prospects in the new tenements. The immediate aim is to define combined mineral resources of 100 Mt in shallow, high grade deposits.

BPL's strategy is to investigate the feasibility of mining these resources using dry mining techniques and mobile treatment plants. Multiple operations could be feasible if sufficient resources are identified in different locations. BPL's ability to undertake this work is enhanced by the knowledge gained in recent years on its other projects in the Murray Basin.

The market outlook for HMS, including zircon and titanium dioxide, shows signs of improving. While some prices remain low, producers have been matching production to demand, reducing stockpiles and shutting operations to better match supply and demand. Titanium dioxide prices have increased since 2015, and that trend is expected to continue. The zircon market has remained steady with price increases forecast in coming years.

Thackaringa Cobalt Project, NSW

#### DRILLING PROGRAMS AND TECHNICAL STUDIES

A major drilling program consisting of 1,797m Diamond and 4,675m Reverse Circulation (RC) commenced in November 2016 and was completed during the quarter.

The drilling program was designed to provide representative samples for metallurgical test work and to support a mineral resource upgrade across all 3 deposits: Railway, Pyrite Hill and Big Hill (see Figure 2 in the link below).

The extensive stratabound cobalt-pyrite mineralisation at each deposit is hosted by quartz-albite gneiss, and drilling results announced on 27 March 2017 confirmed continuity and grade of the cobalt-pyrite mineralisation. Additional assay results are expected early May 2017.

At Railway, assays confirm broad intersections of high-grade mineralisation with potential to add to the existing resource. Mineralised intercepts include:

- Drillhole 16DM05:

o 48m @ 1,045ppm Co, 11.3% Fe and 10.9% S from 30m

- Drillhole 16DM06:

o 42m at 1,615ppm Co, 19.2% Fe & 20.5% S from 28m including;

-- 8m at 2,266ppm Co, 24.9% Fe & 27.7% S from 48m; and

-- 2m at 2,435ppm Co, 26.3% Fe & 28.7% S from 59m

o 2m at 1,196ppm Co, 17% Fe & 11.7% S from 82m

- Drillhole 16DM07:

o 25m at 1,232 ppm Co, 11.1% Fe, and 11.2% S from 35m

o 26m at 1,456ppm Co, 14.9% Fe & 16.2% S from 71m including;

-- 4m at 2,276ppm Co, 19.6% Fe & 21.9% S from 76m; and

-- 2m at 2,350ppm Co, 23% Fe & 26% S from 90m

At Pyrite Hill, mineralised intercepts include:

- Drillhole 16DM02:

o 23m at 1,392ppm Co, 15.6% Fe and 16.9% S from 127m including;

-- 7m at 2,621ppm Co, 26.2% Fe and 30.7% S from 139m drill depth; and

-- 18m at 957ppm Co, 12.3% Fe and 12% S from 154m drill depth

Mineralisation at the three deposits has a combined strike length of 4.5 kilometres, with widths varying from 25 metres to 100 metres. The increased thickness is typically due to the extensive development of isoclinal folding within the pyritic horizon. All holes were drilled at inclinations between 45 and 60 degrees into the steeply-dipping host lithology.

A total Inferred Mineral Resource of 33.1Mt at 833ppm cobalt (500ppm Co cut-off) has previously been estimated at the Thackaringa Cobalt Project (COB Replacement Prospectus released 31 January 2017).

Extensive metallurgical test work and engineering studies have commenced to support a Scoping Study due on the 30 June 2017.

#### [Cobalt Blue Holdings Ltd.](#) Farm In Joint Venture

The successful spin-off of [Cobalt Blue Holdings Ltd.](#) (COB) was completed with investors submitting offers for shares exceeding the \$10 million maximum being offered. The deal was an important initiative for BPL to realise significant value from its Thackaringa Cobalt Project. Share allocations have been completed, and listing of COB's shares on the Australian Securities Exchange occurred on Thursday 2 February 2017.

The IPO provided BPL shareholders with an entitlement to retain a combined direct shareholding in COB of approximately 37%. That gave them the opportunity to retain a direct interest in the development of the potentially world-class cobalt resource that BPL discovered at Thackaringa. BPL distributed its shareholding of 35 million COB shares in-specie to eligible BPL shareholders. In addition, COB issued bonus options on the basis of one option for every four COB shares received.

Another important part of the spin-off was that BPL entered a detailed farm-in joint venture agreement with

COB to finance and undertake an extensive exploration and development program at Thackaringa. COB can earn 100% of the project if it completes a set of milestones before 30 June 2020. There are four stages to the farm-in:

- Stage 1 requires at least \$2 million to be spent on an approved, in-ground exploration program to define an Inferred Mineral Resource of 100 Mt and completion of a Scoping Study by 30 June 2017 to hold a 51% beneficial interest in the project.
- Stage 2 requires COB to fund a minimum \$2.5 million in-ground exploration program to define an Indicated Mineral Resource and complete a Pre-feasibility Study of the technical, commercial and economic feasibility of development and mining of cobalt by 30 June 2018. That work would earn COB an additional 19% interest.
- 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. In addition, BPL retains the base and precious metal exploration rights over the tenements, where it has previously actively explored for Broken Hill style mineralisation.

#### Corporate

##### [Cobalt Blue Holdings Ltd.](#)

Successful spin-off of [Cobalt Blue Holdings Ltd.](#) with the IPO oversubscribed raising the maximum of \$10m. Cobalt Blue commenced trading on the ASX Thursday 2 February 2017.

#### Cash Position

The Company's consolidated statement of cash flows for the quarter is listed in the Appendix 5B (see the link below). At the end of the quarter the consolidated entity had \$1,296,000 in cash.

#### Change of Office

Broken Hill Prospecting's Australian registered office and other contacts details changed:

##### New Address

Suite 1002, Level 10, 171 Clarence St, Sydney NSW 2001

##### New Post Office Box

GPO Box 1546, Sydney NSW 2001

##### New Phone Number

+61-2-9238-1170

To view tables and figures, please visit:

<http://abnnewswire.net/lnk/KJI4506P>

#### **About Broken Hill Prospecting Ltd:**

[Broken Hill Prospecting Ltd.](#) (ASX:BPL) is focused on the development of strategic technology mineral resources: Cobalt and Heavy Mineral Sands (HMS). The Thackaringa Cobalt Project is potentially a world class deposit, well positioned to meet the growing demand for Lithium-ion batteries. The Murray Basin HMS Project is targeting the establishment of a sustainable pipeline of high grade, low tonnage deposits (titanium and zirconium) amenable to processing through mobile mining unit technology.

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