

Broken Hill Prospecting Ltd

15:36 21 Nov 2018

Broken Hill Prospecting develops action plan to get cobalt project 'back on track'

Broken Hill Prospecting Ltd (ASX:BPL) has developed a four-step action plan to deliver on its vision to get the Thackaringa Cobalt Project joint venture near Broken Hill 'back on track' to development.

The intention of the plan is to deliver on the value of the world-class project for BPL's shareholders and those of JV partner Cobalt Blue Holdings Ltd (ASX:COB).

It follows recent disagreements between the two partners in the Thackaringa Joint Venture, in which COB holds 70% and BPL 30%.

READ: Broken Hill Prospecting has plenty of upside with 12-month target price of 23 cents

BPL's managing director Trangie Johnston said in a letter to shareholders: "BPL has a strong vision for the project that we wish to share with our shareholders.

"We welcome all the support you can give us in pursuit of our goal to get Thackaringa back on track.

"By adopting our plan, we can overcome recent disagreements and place the project firmly back on the path to development."

Price: \$0.02

Market Cap: \$3.55 m

1 Year Share Price Graph



September 2018 March 2019 September 2019

Share Information

Code: BPL

Listing: ASX

52 week	High	Low
	0.068	0.015

Sector: Mining

Website: www.bhpl.net.au

Company Synopsis:

Broken Hill Prospecting (ASX:BPL) is exploring and progressing heavy mineral sand deposits (titanium and zirconium) located south of Broken Hill in western New South Wales.

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BPL's base and industrial metals tenements around Broken Hill.

Four-step plan

The four-step action plan that BPL said needed to be adopted by the JV partners to ensure delivery of the project includes:

- Appoint a respected, professional and independent manager;
- Correct the deficiencies in the pre-feasibility study (PFS) that was released last July;
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Jointly determine the appropriate scope and standard for the next stage of the project; and - Use our available cash resources effectively and live within our means to achieve these goals. **READ: Broken Hill Prospecting confirms copper-cobalt on new tenement near Broken Hill, shares jump**

Johnston said: "This action plan will be of immediate benefit to BPL and COB shareholders because it will restore unified direction, purpose and confidence for delivery of the project.

"We seek to convince COB of the significant benefits at hand."

Positive PFS

The pre-feasibility study (PFS) confirmed the potential for Thackaringa to become a world-class cobalt producer.

Completion of this by COB to the approval of BPL enabled COB to reach the 70% ownership level.

READ: Broken Hill Prospecting will retain 30% interest in Thackaringa Cobalt Project

Since then several issues with the PFS, including capital costs and the need to upgrade the resource, have seen COB decide to withdraw from stage III of the joint venture.

"BPL regrets COB's decision to withdraw from stage III," Johnston said.

"However, this action has crystallised a 30% interest in the project for BPL and our shareholders, which we believe has significant value. We also have our ongoing royalty interest.

"COB's action represents a major value shift, at the project equity level, that the board will seek to maximise."

The Thackaringa project is not far from the traditional mining centre of Broken Hill.

"Deficiencies can be corrected"

BPL's managing director said that while the PFS was positive, a review by BPL's independent adviser and by Wood PLC, acting on behalf of the joint venture, identified areas that were deficient.

"These deficiencies can be corrected. It is clear, however, that experienced management is required to run the project now and in the future.

"This is something BPL has recommended to COB for many months."

In the letter to shareholders, Johnston stated: "The deficiencies have been hasty, ill-considered and do not follow requisite procedures stipulated by our joint venture processes.

"Of real concern is the actual commercial viability of the untried process technology developed by COB on which the PFS is based."

Since the release of the PFS, he said that BPL had sought to negotiate with COB a sensible and agreed path so that the project can be advanced.

"We will continue in our endeavours"

He concluded: "We have had no success to date, however, given the large common shareholder base between BPL and COB, we will continue in our endeavours.

"BPL has also acted via the dispute resolution mechanisms of the Thackaringa Joint Venture to preserve the value of the project.

"We are seeking to impose reasonable and normal checks and balances on management and to ensure prudent financial management and reporting of the joint venture's funding, given current difficult market conditions.

"BPL's board appreciates the support it is receiving from our shareholders.

"The Board will endeavour to resolve these matters as expeditiously as possible by working co-operatively with COB.

"That is the best way to unlock the extensive value that lies in the ground at Thackaringa."

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