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Finance

Silver City mine draws on SA links, know-how

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MINERALS explorer **Broken Hill Prospecting** will draw on the historic links with Adelaide as it tries to revitalise the industry around the far-western New South Wales town.

"The company will be based in Adelaide," director **Geoff Hill** said.

"We are looking around now for an office. The technical competence and experience are available in Adelaide."

Broken Hill Prospecting is seeking to raise \$5 million in an initial public offer with shares at 20c each.

"It's a two-way street. From **Broken Hill's** perspective, people are on SA's time zone. They feel much closer to SA. Their education comes from SA. Their emergencies go to Adelaide not to Sydney," Mr **Hill** said.

"There's a lot of wealth that's been transferred from **Broken Hill** to SA. And SA has been a supporter of mining and exploration in **Broken Hill**."

Broken Hill Prospecting already has begun exploration funded by a pre-IPO share issue this year.

It is owned two-thirds by So Co, an unlisted Adelaide public company in which Mr **Hill's** family interests hold a significant stake, and one-third by Heritage Gold New Zealand.

Heritage is listed on the Australian and NZ exchanges - a model **Broken Hill Prospecting** will adopt.

After the IPO, So Co would hold 40 per cent, Heritage 20 per cent, the pre-IPO financiers about 10 per cent and the public the remaining 30 per cent. Mr **Hill** said it was an interesting prospect as an IPO because it was focused on Australia, not overseas, and because of its history.

"**Broken Hill** isn't regarded as a major area for mining any more but historically it has been," he said. "The mine there is 70 per cent depleted but there's still a major ore body up there."

"Historically it's the richest mining area in Australia and was responsible for spawning some of the country's biggest companies - BHP and Rio, for example."

Consultant geologist Wolfgang Leyh said the area remained "well and truly underexplored". With many of the major companies having left the area and with the **Broken Hill** mine changing hands several times until its present ownership by Perilya, an opportunity had been created.

Broken Hill Prospecting entered the area about 20 years ago and its tenements include a cobalt deposit called Pyrite **Hill**.

At least 14 other cobalt, silver, lead and zinc targets have been identified and on Thursday encouraging base metal drilling results were published.

Cobalt demand has surged in recent years because of its use in batteries.

"Demand is essentially China, Korea and Japan," Mr **Hill** said. "The Chinese are very keen on the metal strategically and if we can develop a deposit of sufficient size, then I'm confident we can do a joint venture with them."

In the IPO, there will be one free option for each two shares bought, exercisable at 20c on or before

three years from listing on the ASX and the NZ stock exchange.

The IPO closing date was this week extended until January 31, 2011.

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