

BROKEN HILL PROSPECTING LIMITED

**HALF YEAR REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2011**

BROKEN HILL PROSPECTING LIMITED

(Incorporated in New Zealand)

NZ Company Number: 322887, NZ Overseas Issuer Number 2541657

NZ Financial Services Provider Number FSP32949

Australian ABN: 83 003 453 503

HALF YEAR REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

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BROKEN HILL PROSPECTING LIMITED

**COMPANY DIRECTORY
AS AT 31 DECEMBER 2011**

<p>DIRECTORS F Creagh O'Connor (Chairman) Ian J Pringle (Managing Director) Peter R Atkinson Geoffrey G Hill Ralph N Stagg</p>	<p>AUDITORS Carlton – DFK 135 Broadway Newmarket, Auckland New Zealand</p>
<p>COMPANY SECRETARY Donald W de Boer</p>	<p>BANKERS National Australia Bank, Sydney</p>
<p>REGISTERED OFFICE Level 3, 135 Broadway Newmarket, Auckland New Zealand</p>	<p>SECURITIES LISTED Australian Securities Exchange: Code BPL New Zealand Stock Exchange: Code BPL</p>
<p>AUSTRALIAN OFFICE Level 14, 52 Phillip Street Sydney NSW 2000</p> <p>Box 3486 GPO SYDNEY NSW 2001</p> <p>Phone: (+61 2) 9252 5300 Fax: (+61 2) 9252 8400 Email: info@bhpl.biz</p> <hr/> <p>WEBSITE www.bhpl.biz</p>	<p>SHARE REGISTRARS AUSTRALIA Computershare Investor Services Pty Ltd Level 5, 115 Grenfell Street Adelaide, South Australia 5000 Phone: (+61 8) 8236 2300 www.computershare.com.au</p> <p>NEW ZEALAND Computershare Investor Services Pty Ltd Level 2, 159 Hurstmere Road, Takapuna, Auckland Phone: (+64 9) 488 8777 www.computershare.co.nz</p>
<p>INTERESTS IN MINING TENEMENTS</p> <p>Exploration License 6622, Broken Hill NSW Australia - 100% Mining Lease 86, Broken Hill NSW Australia - 100% Mining Lease 87, Broken Hill NSW Australia - 100%</p>	

BROKEN HILL PROSPECTING LIMITED

DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

The Directors present the following report including financial statements of the company for the six months ended 31 December 2011.

DIRECTORS

The names of the Directors of the Company during the half-year and up to the date of this report are:

Francis Creagh O'Connor	Non-Executive Chairman	Appointed 22 June 2000
Ian James Pringle	Managing Director	Appointed 14 April 2011
Peter Robert Atkinson	Non-Executive Director	Appointed 30 July 1999
Geoffrey Guild Hill	Non-Executive Director	Appointed 15 February 1989
Ralph Nicholas Stagg	Non-Executive Director	Appointed 1 June 2004

ACTIVITIES

The principal activity of Broken Hill Prospecting Limited (BPL) is exploration for cobalt and base metals in the Broken Hill district (NSW). The nature of the company's business has not changed during the period under review.

During the six months to 31 December 2011, the company issued 4,000,000 Loyalty Options to seed investors in accordance with clause 10.6 of the Prospectus dated 12 November 2010.

EXPLORATION

Broken Hill Prospecting Limited ("BPL") is pleased to provide the following summary on exploration activities undertaken at the Company's projects near Broken Hill. Additional information about the Company is available on BPL's website at www.bhpl.biz.

During the second quarter of 2011 drilling at the Pyrite Hill cobalt deposit was undertaken to increase confidence in the continuity of the deposit. Thick and continuous horizons of cobaltiferous pyrite were intersected and these were shown to extend from surface outcrops to at least 300m down dip. Mineralised drill intervals included:

- 108 metres of 520g/t cobalt (from 74m) in PHR002, including 1m of 4,230g/t Co
- 79 metres of 720g/t cobalt (from 150m) in PHR003, including 3m of 2,133g/t Co
- 49 metres of 1,037g/t cobalt (from 123m) in PHR004, incl. 4m of 2,388g/t Co
- 28 metres of 1,096g/t cobalt (from 192m) in PHR005
- 17 metres of 1,150g/t cobalt (from 104m) and 40 metres of 856g/t Co (from 131m) in PHR006, including 2m of 2,435g/t Co.
- 51 metres of 941g/t cobalt (from 96m) in PHR007

The results of this work were used to undertake a mineral resource study which showed an increase in the deposit's size from 10.6 million tonnes of 2.2 pounds per tonne of cobalt to an Inferred Resource of 16.4 million tonnes of 1.83 pounds per tonne cobalt, a 55% increase in contained cobalt.

The study also defined additional potential for between 14 and 24 million tonnes of cobalt mineralisation of similar grade peripheral to the resource at Pyrite Hill ^{1*}. Both the Pyrite Hill Inferred Resource and potential mineralisation occur from near surface to 300 metres depth and are open at depth and along trend to the northeast of the Pyrite Hill Deposit.

^{1*} *This potential lies outside of the Inferred Resource because of the absence of nearby drilling. By extending the search distance within the 3D mineralisation the model target size is between 14Mt and 24Mt at a grade between 700ppm and 900ppm Co. This target is conceptual in nature and more drilling is required to further define it. There is no certainty that this will result in a Mineral Resource*

Including mineralisation at the Big Hill Cobalt deposit (Inferred Resource of 4.4 million tonnes of 2.00 pounds per tonne cobalt) the combined Inferred Resources for the overall project totals 20.8 million tonnes of 1.87 pound per tonne cobalt (39 million pounds of contained cobalt metal) with an additional potential for between 14 and 24 million tonnes of similar grade.

Both the Pyrite Hill and Big Hill mineralisation can be upgraded by low-cost gravity and magnetic processing or by flotation to form pyrite concentrate containing about 0.5% cobalt.

BPL plans to continue to work towards defining an inventory of near-surface cobalt mineralisation which will support a mining operation of over four million tonnes per year. This new resource and potential mineralisation at Pyrite Hill are important steps towards this goal.

An induced polarisation (IP) survey was completed and reported in early December. The survey was undertaken along 250m spaced lines covering the Pyrite Hill Cobalt Deposit and along a series of small hills and ridges extending for more than four kilometres north from the Big Hill Cobalt Deposit. These zones of north-east oriented and highly conductive rocks were classed into three main targets:

- The Railway Prospect is a large conductive anomaly located in the northern portion of the Big Hill survey block where outcrops are anomalous in cobalt. This area has a central high magnetic zone, is several hundred metres wide and extends for more than 1.5km. Only three holes have been drilled near this target. Two were close to the edge of the anomaly and a third (T98C01) was drilled into the northern, narrow portion of the anomaly. T98C01 drilled through 55 metres of near-surface cobalt-pyrrhotite-pyrite mineralisation with cobalt grades typical of the deposits at Pyrite Hill and Big Hill.
- The Offset Prospect is a conductive zone 750-1,000 metres long and located a kilometre north-east of the Big Hill Cobalt Deposit. It has very high chargeability and appears to have steep dips. It is flanked to the south-west by rocks with elevated magnetic signature. The high chargeability nature of the rocks, elevated magnetic response and location within a sulphide-gneiss horizon together indicate a massive sulphide target at Offset. The Offset Prospect has not been drill tested.
- The North Big Hill Prospect is a north extension of the Big Hill Cobalt Deposit where a strong conductor has been identified. Previous drilling has not tested this anomaly which may represent an appreciable addition to the Big Hill resource.

During 2012 BPL is planning to drill test these high priority targets. A drilling programme to include about 20 drill holes for a total of about 3,000 metres of RC drilling is planned for the first half of 2012. This work will help to assess the considerable amount of outcropping pyrite mineralisation which trends for over four kilometres north east of Big Hill and which corresponds to these prominent geophysical anomalies.

Signed for and on behalf of the Board



Creagh O'Connor, Director



Ian Pringle, Director

13/3/2012

Competent Person Statement

The review of exploration activities and results contained in this report is based on information compiled by Dr Ian Pringle, a Member of the Australasian Institute of Mining and Metallurgy. Dr Pringle is the Managing Director of Broken Hill Prospecting Ltd and also a Principle of Ian J Pringle & Associates Pty Ltd, a consultancy company in minerals exploration. He has sufficient experience which is relevant to the style of mineralization and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Dr Pringle has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BROKEN HILL PROSPECTING LIMITED

Report on the financial report

We have audited the interim financial report of Broken Hill Prospecting Limited, on pages 5 to 13, which comprise the statement of financial position of Broken Hill Prospecting Limited as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation of a financial report in accordance with generally accepted accounting practice in New Zealand and which gives a true and fair view of the matters to which they relate and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors, we have no relationship with or interests in Broken Hill Prospecting Limited.

Opinion

In our opinion, the interim financial report on pages 5 to 13:

- complies with generally accepted accounting practice in New Zealand;
- complies with International Financial Reporting Standards; and
- gives a true and fair view of the financial position of Broken Hill Prospecting Limited as at 31 December 2011 and the financial performance and cash flows of the company for the period ended on that date.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations that we have required.

In our opinion proper accounting records have been kept by the Broken Hill Prospecting Limited as far as appears from our examination of those records.

DFK Carlton

DFK CARLTON
Chartered Accountants
AUCKLAND

13 March 2012

BROKEN HILL PROSPECTING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

	31 December 2011 A\$	31 December 2010 A\$
Continuing Operations		
Interest received	82,034	5,213
Auditors' remuneration – auditing the accounts	(8,871)	(7,250)
Marketing & promotion	(31,881)	(100,000)
Management fees	(116,000)	(61,323)
Accounting, secretarial, legal	(99,550)	(41,080)
Administration expenses	(107,173)	(8,159)
Directors' Fees	(87,500)	-
Rent	(22,627)	-
Depreciation	(2,624)	-
Unrealised foreign exchange gain	-	6,030
	-----	-----
Loss for the year before income tax	(394,192)	(206,569)
Income tax expense	-	-
	-----	-----
Loss for the year	(394,192)	(206,569)
	-----	-----
Net profit and Comprehensive income / (loss) attributable to shareholders	(394,192)	(206,569)
	=====	=====
Earnings per share		
Basic earnings/(loss) per share from continuing operations	(0.48) cents	(0.36) cents
Diluted earnings/(loss) per share from continuing operations	(0.32) cents	(0.28) cents

The accompanying notes form part of these financial statements.

BROKEN HILL PROSPECTING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

	Share capital A\$	Retained earnings A\$	Foreign currency translation A\$	Total equity A\$
2011				
Comprehensive income (loss)	-	(394,192)	-	(394,192)
Movement in equity for the period	-	(394,192)	-	(394,192)
Equity at 1 July 2011	5,181,720	(1,118,835)	(477)	4,062,408
Equity at 31 December 2011	5,181,720	(1,513,027)	(477)	3,668,216
2010				
Comprehensive income (loss)	-	(206,569)	-	(206,569)
Movement in equity for the period	-	(206,569)	-	(206,569)
Equity at 1 July 2010	809,135	(552,588)	(477)	256,070
Payment of uncalled capital	79	-	-	79
Share issue	890,000	-	-	890,000
Share issue costs	(133,520)	-	-	(133,520)
Equity at 31 December 2010	1,565,694	(759,157)	(477)	806,060

The accompanying notes form part of these financial statements.

BROKEN HILL PROSPECTING LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	Note	31/12/2011 A\$	30/6/2011 A\$	31/12/2010 A\$
Equity				
Share capital	2	5,181,720	5,181,720	1,565,694
Foreign currency translation		(477)	(477)	(477)
Retained earnings		(1,513,027)	(1,118,835)	(759,157)
Total Equity		3,668,216	4,062,408	806,060
Represented by:				
Current assets				
Cash and cash equivalents		2,213,860	3,240,567	1,656,993
Receivables		126,804	40,895	15,527
Prepayments		18,869	18,858	-
Total current assets		2,359,533	3,300,320	1,672,520
Non-current assets				
Property, plant & equipment	4	19,144	-	-
Intangibles	8	1,321,139	840,238	656,221
Security deposits	11	33,069	-	-
Total non-current assets		1,373,352	840,238	656,221
Total assets		3,732,885	4,140,558	2,328,741
Current liabilities				
Net share application deposits received		-	-	933,512
Trade and other payables		60,149	54,807	360,566
Due to related parties	6	4,520	23,343	228,603
Total current liabilities		64,669	78,150	1,522,681
Total liabilities		64,669	78,150	1,522,681
Net assets		3,668,216	4,062,408	806,060
Net tangible assets per security		2.84 cents	3.90 cents	0.25 cents

For and on behalf of the Board



Creagh O'Connor, Director
13 March 2012



Ian Pringle, Director
13 March 2012

The accompanying notes form part of these financial statements.

BROKEN HILL PROSPECTING LIMITED

**STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

	Note	6 months 31/12/2011 A\$	6 months 31/12/2010 A\$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(539,578)	(52,543)
Interest received		22,651	4,082
		-----	-----
Net Cash applied to Operating Activities	3	(516,927)	(48,461)
		-----	-----
Cash Flows from Investing Activities			
Payments for property, plant & equipment		(21,767)	-
Prospecting expenditure		(488,013)	(118,584)
		-----	-----
Net Cash applied to Investing Activities		(509,780)	(118,584)
		-----	-----
Cash Flows from Financing Activities			
Capital raising expenditure		-	(486,428)
Proceeds from issue of shares		-	889,878
Capital raising – deposits received		-	1,390,327
Repayment of borrowings		-	(7,200)
		-----	-----
Net Cash provided from Financing Activities		-	1,786,577
		-----	-----
Net (decrease) / increase in cash and cash equivalents held		(1,026,707)	1,619,532
Cash and cash equivalents at the beginning of the year		3,240,567	37,461
		-----	-----
Cash and cash equivalents at the end of the year		2,213,860	1,656,993
		=====	=====
Cash comprises:			
Cash at bank		213,860	1,506,993
Short term deposits		2,000,000	150,000
		-----	-----
		2,213,860	1,656,993
		=====	=====

The accompanying notes form part of these financial statements.

BROKEN HILL PROSPECTING LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

1. Summary of significant accounting policies

Reporting entity: Broken Hill Prospecting Limited is a company incorporated in New Zealand and registered under the Companies Act 1993 and since 17 February 2011, listed on the Australian Securities Exchange (ASX) and New Zealand Stock Exchange (NZX).

Broken Hill Prospecting Limited is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements of Broken Hill Prospecting Limited have been prepared in accordance with the Financial Reporting Act 1993.

Reporting currency: The functional and presentation currency is Australian dollars.

Basis of preparation: these interim financial statements have been prepared in accordance with NZ IAS-34, Interim Financial Reporting and should be read in conjunction with the accounting policies set out in the annual financial statements for the year ended 30 June 2011.

These accounts have been prepared in accordance with generally accepted accounting practice in New Zealand and therefore also comply with International Financial Reporting Standards. For this purpose, the company has designated itself as profit-oriented.

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis have been followed by the company.

Changes in accounting policies: There have been no changes in accounting policies during the period. The accounting policies and method of computation applied during the previous year were applied on a consistent basis during the current period. Additional accounting policies not reported before are listed below.

Property, plant, and equipment

The company has two classes of property, plant and equipment:

- Leasehold improvements;
- Office equipment.

All property, plant and equipment is initially recorded at cost.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in profit or loss and is calculated as the difference between the sale price and the carrying value of the item. Depreciation is provided for on a straight line basis on all plant and equipment at depreciation rates calculated to allocate the assets' cost or valuation less estimated residual value over their estimated useful lives.

Leased assets are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the assets.

Major depreciation periods are:

- Leasehold improvements and office equipment 4 years

BROKEN HILL PROSPECTING LIMITED
Notes to the financial statements
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

2. Share capital	31/12/2011	30/6/2011
	A\$	A\$
Ordinary Shares – 82,581,900 (2011: 82,581,900)	5,181,720	5,181,720
	=====	=====
Movement in share capital	No. of shares	A\$
Share capital at 30 June 2011	82,581,900	5,181,720
Movements	-	-
	-----	-----
	82,581,900	5,181,720
	=====	=====
Movement in Options	No. of options	A\$
Options as at 30 June 2011	38,340,950	-
14/10/2011 issue loyalty options	4,000,000	-
	-----	-----
	42,340,950	-
	=====	=====

All shares have equal voting rights and will share equally in dividends and surplus on winding up.

During the period, the company issued 4,000,000 options to sophisticated and professional investors in accordance with Clause 10.6 of the Replacement Prospectus dated 12 November 2010. These options are unlisted and are exercisable at 20 cents with expiry date 17/2/2016.

3. Reconciliation of Operating Cash Flow & Net Income	31/12/2011	31/12/2010
	A\$	A\$
Net income / (loss)	(394,192)	(206,569)
	-----	-----
Add non-cash items:		
Depreciation	2,624	-
Exchange (gain)/loss	-	(6,030)
Add (less) movement in working capital:		
Decrease (increase) in interest receivable	(59,383)	-
Decrease (increase) in GST receivable	(26,526)	-
Decrease (increase) in deposits paid	(33,069)	-
Decrease (increase) in prepayments	(11)	-
Increase (decrease) in payables	10,315	165,269
Increase (decrease) in income tax refundable	-	(1,131)
Increase (decrease) in payables – related parties	(16,685)	-
	-----	-----
Net cash flows from operating activities	(516,927)	(48,461)
	=====	=====

BROKEN HILL PROSPECTING LIMITED
Notes to the financial statements
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

4. Property Plant & Equipment	31/12/2011	31/12/2010
	A\$	A\$
Opening Balance	-	-
Additions At Cost	21,768	-
Depreciation for the Period	2,624	-
	-----	-----
Book Value	19,144	-
	=====	=====

5. Commitments

Tenements - In order to maintain current rights of tenure to exploration and mining tenements, the Company is required to meet minimum expenditure requirements.

Office Lease - this is a non-cancellable sub-lease with an annual rent review of 4.5%.

Expenditure requirements for tenements	31/12/2011	30/6/2011
	A\$	A\$
Not later than 1 year	202,000	158,548
Later than 1 year but not later than 5 years	634,335	600,000
Later than 5 years	126,575	202,192
	-----	-----
	962,910	960,740
	=====	=====

Office lease

Not later than 1 year	42,368	-
Later than 1 year but not later than 5 years	114,716	-
	-----	-----
	157,084	-
	=====	=====

6. Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties	31/12/2011	30/6/2011
	A\$	A\$
<u>Directors and director related entities</u>		
Directors remuneration	203,500	141,625
Amounts paid and payable to companies related to directors for consulting services, and expensed or taken up as share issue expenses during the period	12,820	244,612
	-----	-----
<i>Share based payments: The following were paid by the issue of ordinary shares of the company as Pre-IPO investor capital at A\$0.10 per share.</i>		
Fees to director related entities	-	100,000
Settlement of loan borrowed from G Hill on 9/7/2010	-	25,000
	-----	-----
	-	125,000
	=====	=====

BROKEN HILL PROSPECTING LIMITED
Notes to the financial statements
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

Identification of related parties Including share and option movements	31/12/2011		30/6/2011	
	No. of shares	%	No. of shares	%
So Co Limited (Ultimate holding company)	34,371,000	42%	34,371,000	42%
Heritage Gold NZ Limited	17,929,000	22%	17,929,000	22%
Other Director related entities	1,390,000	1%	1,390,000	1%
Non-related parties	28,891,900	35%	28,891,900	35%
	-----	-----	-----	-----
Total shares on issue	82,581,900	100%	82,581,900	100%
	=====	=====	=====	=====

	31/12/2011		30/6/2011	
	No. of options	%	No. of options	%
So Co Limited	17,185,000	41%	17,185,000	45%
Heritage Gold NZ Limited	8,964,000	21%	8,464,000	22%
Other Directors and director related entities	1,145,000	3%	120,000	-
Non-related parties	15,046,950	35%	12,571,950	33%
	-----	-----	-----	-----
Total options on issue	42,340,950	100%	38,340,950	100%
	=====	=====	=====	=====

G Hill is a director of Heritage Gold NZ Limited and a director and shareholder of So Co Limited.
P Atkinson and I Pringle are directors of Heritage Gold NZ Limited.

Related parties balances	31/12/2011	30/6/2011
	A\$	A\$
Amounts due to related parties		
Trade and other payables		
- Payable to directors' related entities	4,520	23,343
	-----	-----
Total due to related parties	4,520	23,343
	=====	=====

The amount payable to the directors is for reimbursement of travel and other expenses.

7. Joint Ventures

Broken Hill Prospecting is associated in an unincorporated joint venture for the purpose of identifying, investigating and developing if warranted ore or waste processing operations in the Broken Hill region. Equity in the joint venture is as follows: Broken Hill Prospecting Limited 40%, Metals Finance Limited 40%, Eaglehawk Geological Consulting Pty Ltd 20%. Some initial work of a preliminary nature had commenced but to date no further activity has been undertaken.

BROKEN HILL PROSPECTING LIMITED
Notes to the financial statements
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

8. Significant events and transactions

Prospecting costs and mining tenements	6 months 31/12/2011 A\$	Year ended 30/6/2011 A\$	6 months 31/12/2010 A\$
Opening balance	840,238	502,669	502,669
Development expenditure at cost	480,901	337,569	153,552
	-----	-----	-----
Carrying amount	1,321,139	840,238	656,221
	=====	=====	=====

9. Contingencies

There were no contingent liabilities at balance date (30/6/2010 - nil).

10. Seasonality of operations

The results are unaffected to any significant extent by seasonality factors.

11. Security Deposit

The company has lodged a security deposit as a condition of an operating lease for premises.

12. Segment Information: During the current period, the Company had only one business segment – mineral exploration within Australia.

13. Subsequent Events

There have been no material events subsequent to the end of the period that have not been reflected in the financial statements.

BROKEN HILL PROSPECTING LIMITED

Directors' Statement

The directors of the company declare that:

1. The financial statements and notes, as set out in the half yearly report to 31 December 2011:
 - (a) Comply with New Zealand International Accounting Standard 34, Interim Financial Reporting, and
 - (b) Give a true and fair view of the economic entity's financial position as at 31 December 2011 and its performance and cash flows for the period ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

For and on behalf of the Board



Creagh O'Connor, Director
13 March 2012



Ian Pringle, Director
13 March 2012