

**BROKEN HILL PROSPECTING LIMITED**

**HALF YEAR REPORT  
FOR THE SIX MONTHS ENDED  
31 DECEMBER 2013**

# **BROKEN HILL PROSPECTING LIMITED**

(Incorporated in New Zealand)

NZ Company Number: 322887

NZ Financial Services Provider Number FSP32949

ABN: 83 003 453 503 (Australia)

## **HALF YEAR REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

### **CONTENTS**

Directory	Page 1
Directors' Report	Page 2
Audit Report	Page 4
Statement of Comprehensive Income	Page 5
Statement of Changes in Equity	Page 6
Statement of Financial Position	Page 7
Statement of Cash Flows	Page 8
Notes to the Financial Statements	Page 9
Directors' Statement	Page 14

**BROKEN HILL PROSPECTING LIMITED**

**COMPANY DIRECTORY  
AS AT 31 DECEMBER 2013**

<p><b>DIRECTORS</b>                  F Creagh O'Connor (Chairman)                  Ian J Pringle (Managing Director)                  Geoffrey G Hill                  Robert G Barnes                  Matthew G Hill (alternate of Geoffrey Hill)</p>	<p><b>AUDITORS</b>                  K.S. Black &amp; Co.                  Level 6                  350 Kent Street                  Sydney NSW 2000</p>
<p><b>COMPANY SECRETARY</b>                  Francesco Giroto</p>	<p><b>BANKERS</b>                  National Australia Bank, Sydney</p>
<p><b>REGISTERED OFFICE</b>                  Ground Floor Nathan House                  541 Parnell Road                  Parnell, Auckland 1052                  New Zealand</p>	<p><b>SECURITIES LISTED</b>                  Australian Securities Exchange:                  Code BPL (shares)                  Code BPLOA (options)</p>
<p><b>AUSTRALIAN OFFICE</b>                  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><b>WEBSITE</b>                  www.bhpl.biz</p>	<p><b>SHARE REGISTRAR AUSTRALIA</b>                  Computershare Investor Services Pty Ltd                  Level 5, 115 Grenfell Street                  Adelaide, South Australia 5001                  Phone: 1300 556 161 (within Australia)                  (+61 3) 9415 4000 (outside Australia)</p> <p>www.computershare.com.au</p>
<p><b>INTERESTS IN MINING TENEMENTS</b></p> <p><b>Exploration License 6622</b>, Broken Hill NSW Australia - <b>100%</b>  <b>Exploration License 8143</b>, Broken Hill NSW Australia - <b>100%</b>  <b>Mining Lease 86</b>, Broken Hill NSW Australia - <b>100%</b>  <b>Mining Lease 87</b>, Broken Hill NSW Australia - <b>100%</b></p>	

## BROKEN HILL PROSPECTING LIMITED

### DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

The Directors present the following report including financial statements of the company for the six months ended 31 December 2013.

#### 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
		Retired 15 November 2013
Geoffrey Guild Hill	Non-Executive Director	Appointed 15 February 1989
Matthew Geoffrey Hill	Alternate of Geoffrey G Hill	Appointed 14 March 2012
Robert George Barnes	Non-Executive Director	Appointed 6 July 2012

#### 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.

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](http://www.bhpl.biz).

The 2013 Research & Development Tax Incentive Schedule for Broken Hill Prospecting Limited for the year ended 30 June 2013 was calculated with assistance from KPMG and a refundable R&D Tax offset amount of \$344,973.60 was received in December 2013.

During late 2013 a University of NSW study on the effect of deep weathering on cobaltiferous pyrite commenced and this work may have important implications for BPL's ongoing exploration for undiscovered high-grade cobalt deposits within the project area.

#### EVENTS AFTER BALANCE DATE

11,190,950 options which represent all the listed options (ASX code: BPLOA) lapsed on 17 February 2014.

#### TENEMENTS

BPL was granted a new exploration licence (EL8143), which is a four unit (4 minute sub-block) area located immediately to the south of the cobalt deposits in BPL's 100% owned EL6622 (22 units), and mining leases (ML86 and ML87). All tenements are about 25 kilometres south west of Broken Hill in western NSW.

#### FUTURE ORE PROCESSING OPTIONS

BPL is evaluating opportunities to establish a sulphuric acid industry with pyrite concentrate from BPL's deposits as a feed source for a pyrite roasting plant. Several established chemical companies are assessing the business model.

There is a growing east Australia market for sulphuric acid and this is likely to expand with increasing growth of industries which require sulphuric acid for processing. These include developing mineral sand (ilmenite) processing, rare earth metals deposits, phosphate fertiliser resources, nickel, copper, and uranium mining and chemical industries. Many new project developments can be limited by sulphuric acid supply as well as unreliable and costly freight, and vagaries of off-shore acid and sulphur sourcing, distribution, and storage.

BPL's cobaltiferous pyrite deposits are particularly well suited to acid production as they contain negligible deleterious metals, are very large and are well located for cost effective open-cut development.

BPL has proposed several process options for future development of the cobalt-pyrite resources and production of sulphuric acid. Following mining and concentration of the cobalt-pyrite ore at the planned mine site a pyrite roast/sulphuric acid facility could be constructed at a favourable location for acid customers. This could be located at the future mine site or nearby at Broken Hill where a terminal for sorting and loading of mineral sands from Cristal Mining's Murray basin mines produces ilmenite concentrate. Other acid plant locations could include mid-west NSW (e.g. Dubbo) or in central Northern Territory where undeveloped phosphate and rare earth deposits could benefit from local sulphuric acid production.

Cobalt will be retained in the ash/cinder after the pyrite roast process and this could be recovered by solvent extraction/electro winning (SX/EW) either at the mine site, at the pyrite roast plant or sold directly. After the cobalt has been extracted the fine-grained hematite residue may be saleable to steel or cement producers.

Four graduate business students at the Australian Graduate School of Management (University of NSW) have commenced a study of the Broken Hill chemical business and will complete a business model for the project. The study will be completed in mid 2014 and will assist Broken Hill Prospecting with valuable data and insight for strategic planning of a new start-up chemical business.

A new website (<http://brokenhillchemical.com>) to promote new chemical opportunities from sulphuric acid production from future processing of cobalt-pyrite ore has been established. Because of recent interest in both future sulphuric acid and cobalt production from Chinese-based groups, the website includes a mandarin translation.

During 2014 BPL will seek interest from other parties to assist in progressing the work. Technical studies will be required to advance the project through feasibility and resource drilling upgrade and BPL will continue to seek funding and participation by a significant chemical or mining business.

Signed for and on behalf of the Board



Creagh O'Connor, Director



Ian Pringle, Director

13/3/2014

**Competent Person Statement**

*Exploration activities and results contained in this report are 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 Director of Ian J Pringle & Associates Pty Ltd, a consultancy company in minerals exploration. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in both the December 2004 and December 2012 editions 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.*

## REVIEW REPORT TO THE SHAREHOLDERS OF BROKEN HILL PROSPECTING LIMITED

### Report on the Half-Year Financial Statements

I have reviewed the accompanying interim consolidated financial Statements in accordance with the Review Engagement Standard RS-1 issued by the External Reporting Board and Review Engagement Standard RG-1 issued by the New Zealand Institute of Chartered Accountants. The financial statements provide information about the past performance of Broken Hill Prospecting Limited and its controlled entities ("the Group") and their financial position as at 31 December 2013.

### Directors' Responsibilities

The Directors of Broken Hill Prospecting Limited are responsible for the preparation of the interim financial statements which give a true and fair view of the financial position of the Group as at 31 December 2013 and the results of its operations for the six month period ended on that date.

### Reviewer's Responsibilities

It is my responsibility to express an independent opinion on the interim financial statements presented by the Directors and report my opinion to you.

### Basis of Opinion

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to the financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Other than in my capacity as auditor, I have no relationship with or interests in Broken Hill Prospecting Limited.

### Review Opinion

Based on my review, nothing has come to my attention that causes me to believe that the interim financial statements does not present a true and fair view of the financial position of the Group as at 31 December 2013 and the results of their operations and cash flows for the six month period ended on that date in accordance with NZ IAS-34 Interim Financial Reporting.

My review was completed on 13 March 2014 and my opinion is expressed as at that date.

### Emphasis of Matter Going Concern

For the half-year ended 31 December 2013, the financial statements disclose that the consolidated entity incurred a net loss after tax of \$249,419 (2012: \$373,974). I draw attention to note 13 to the financial statements which states: The financial report has been prepared on a going concern basis. The directors are working with potential business partners and investors to raise further funds. The validity of the going concern assumption is dependent on the success of these initiatives.



**Faizal Aliaz Ajmat**  
(New Zealand Licensed Auditor No. AUD 246)  
C/- KS Black & Co Chartered Accountants  
Partner  
Sydney, 13 March 2014

**BROKEN HILL PROSPECTING LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

	<b>6 Months 31 December 2013 A\$</b>	<b>6 Months 31 December 2012 A\$</b>
<b>Continuing Operations</b>		
Interest received	3,599	25,202
Research & development tax incentive	344,974	325,813
Auditors' remuneration – auditing the accounts	(6,995)	(8,887)
Marketing & promotion	(8,218)	(29,070)
Management fees	(123,500)	(147,500)
Accounting, secretarial, legal	(63,300)	(116,928)
Consulting fees	(38,019)	(49,721)
Administration expenses	(54,667)	(105,247)
Directors' fees	(41,564)	(104,022)
Rent & outgoings	(2,605)	(27,623)
Contribution to employees share plan	-	(133,200)
Depreciation	(212)	(2,791)
Exploration Expenses written off	(258,912)	-
<b>Profit/(Loss) for the period before income tax</b>	<b>(249,419)</b>	<b>(373,974)</b>
Income tax expense	-	-
<b>Profit/(Loss) for the period</b>	<b>(249,419)</b>	<b>(373,974)</b>
<b>Net profit/(loss) and comprehensive income/(loss) attributable to members of the parent entity</b>	<b>(249,419)</b>	<b>(373,974)</b>
<b>Earnings per share</b>		
Basic earnings/(loss) per share from continuing operations	(0.30) cents	(0.48) cents
Diluted earnings/(loss) per share from continuing operations	(0.19) cents	(0.32) cents

The accompanying notes form part of these financial statements.

**BROKEN HILL PROSPECTING LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

	Share capital	Option reserve	Accumulate d losses	Foreign currency translation	Total
	A\$	A\$	A\$	A\$	A\$
<b>2013</b>					
Comprehensive income (loss)	-	-	(249,419)	-	(249,419)
Movement in equity for the period	-	-	(249,419)	-	(249,419)
Equity at 1 July 2013	5,181,720	133,200	(2,699,626)	(477)	2,614,817
<b>Equity at 31 December 2013</b>	<b>5,181,720</b>	<b>133,200</b>	<b>(2,949,045)</b>	<b>(477)</b>	<b>2,365,398</b>
<b>2012</b>					
Comprehensive income (loss)	-	-	(373,974)	-	(373,974)
Options issued	-	133,200	-	-	133,200
Movement in equity for the period	-	133,200	(373,974)	-	(240,774)
Equity at 1 July 2012	5,181,720	-	(1,895,808)	(477)	3,285,435
<b>Equity at 31 December 2012</b>	<b>5,181,720</b>	<b>133,200</b>	<b>(2,269,782)</b>	<b>(477)</b>	<b>3,044,661</b>

The accompanying notes form part of these financial statements.



**BROKEN HILL PROSPECTING LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013**

	Note	31/12/2013 A\$	30/6/2013 A\$	31/12/2012 A\$
<b>Equity</b>				
Share capital	2	5,181,720	5,181,720	5,181,720
Foreign currency translation		(477)	(477)	(477)
Reserves		133,200	133,200	133,200
Accumulated losses		(2,949,045)	(2,699,626)	(2,269,782)
<b>Total Equity</b>		<b>2,365,398</b>	<b>2,614,817</b>	<b>3,044,661</b>
Represented by:				
<b>Current assets</b>				
Cash and cash equivalents		376,421	363,572	941,058
Receivables		13,964	20,319	41,647
Prepayments		8,165	17,936	8,957
<b>Total current assets</b>		<b>398,550</b>	<b>401,827</b>	<b>991,662</b>
<b>Non-current assets</b>				
Property, plant & equipment	4	834	1,046	14,153
Intangible assets	8	2,007,924	2,239,489	2,055,193
Security deposits		20,000	10,000	42,269
<b>Total non-current assets</b>		<b>2,028,758</b>	<b>2,250,535</b>	<b>2,111,615</b>
<b>Total assets</b>		<b>2,427,308</b>	<b>2,652,362</b>	<b>3,103,277</b>
<b>Current liabilities</b>				
Trade and other payables		43,660	15,295	52,471
Due to related parties	6	18,250	22,250	6,145
<b>Total current liabilities</b>		<b>61,910</b>	<b>37,545</b>	<b>58,616</b>
<b>Total liabilities</b>		<b>61,910</b>	<b>37,545</b>	<b>58,616</b>
<b>Shareholders equity</b>		<b>2,365,398</b>	<b>2,614,817</b>	<b>3,044,661</b>
<b>Net tangible assets per security</b>		<b>0.43 cents</b>	<b>0.45 cents</b>	<b>1.19 cents</b>

For and on behalf of the Board



Creagh O'Connor, Director  
13 March 2014



Ian Pringle, Director  
13 March 2014

The accompanying notes form part of these financial statements.

**BROKEN HILL PROSPECTING LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

	Note	6 months 31/12/2013 A\$	6 months 31/12/2012 A\$
<b>Cash flows from operating activities</b>			
Interest received		3,793	25,597
Research & development tax incentive		344,974	325,813
Payments to suppliers and employees		(308,572)	(610,643)
<b>Net cash applied to operating activities</b>	3	<u>40,195</u>	<u>(259,233)</u>
<b>Cash flows from investing activities</b>			
Prospecting expenditure		(27,346)	(264,869)
Payments for property, plant & equipment		-	-
<b>Net cash applied to investing activities</b>		<u>(27,346)</u>	<u>(264,869)</u>
<b>Cash flows from financing activities</b>			
		-	-
<b>Net cash provided from financing activities</b>		<u>-</u>	<u>-</u>
<b>Net (decrease) / increase in cash and cash equivalents held</b>		12,849	(524,102)
Cash and cash equivalents at the beginning of the year		<u>363,572</u>	<u>1,465,160</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>376,421</u>	<u>941,058</u>
<b>Cash comprises:</b>			
Cash at bank		376,421	341,058
Short term deposits		-	600,000
		<u>376,421</u>	<u>941,058</u>

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 2013

#### 1. Summary of significant accounting policies

**General:** Broken Hill Prospecting Limited (BPL) is a company incorporated in New Zealand and registered under the Companies Act 1993. BPL is an issuer for the purposes of the Financial Reporting Act 1993 and is listed on the Australian Securities Exchange (ASX).

The principal activity of the company and its subsidiaries (the "group") is minerals exploration.

The group consists of Broken Hill Prospecting Limited and its wholly-owned subsidiaries, Broken Hill Uranium Pty Ltd and Broken Hill Chemical Pty Limited.

These consolidated financial statements have been reviewed but not audited.

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

**Basis of preparation:** These interim consolidated 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 2013.

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 group.

**Seasonality of operations:** The results are unaffected to any significant extent by seasonality factors.

**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.

**BROKEN HILL PROSPECTING LIMITED**  
**Notes to the financial statements**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

<b>2. Share capital</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>A\$</b>	<b>A\$</b>
Ordinary Shares – 82,581,900 (2012: 82,581,900)	5,181,720	5,181,720
	<hr/>	<hr/>
<b>Movement in share capital</b>	<b>No. of shares</b>	<b>A\$</b>
Share capital at 30 June 2013	82,581,900	5,181,720
Movements	-	-
	<hr/>	<hr/>
	82,581,900	5,181,720
	<hr/>	<hr/>
<b>Movement in Options</b>	<b>No. of options</b>	<b>A\$</b>
Options as at 30 June 2013	49,840,950	133,200
Movements	-	-
	<hr/>	<hr/>
	49,840,950	133,200
	<hr/>	<hr/>

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

<b>3. Reconciliation of operating cash flow &amp; net income</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>A\$</b>	<b>A\$</b>
Net income / (loss)	(249,419)	(373,974)
	<hr/>	<hr/>
Add non-cash items:		
Depreciation	212	2,791
Non-cash payment to suppliers & employees	-	133,200
Add (less):		
Decrease (increase) in interest receivable	194	395
Decrease (increase) in GST receivable	6,212	24,954
Decrease (increase) in deposits paid	(10,000)	-
Decrease (increase) in other debtors	(51)	-
Decrease (increase) in prepayments	9,771	14,665
Increase (decrease) in payables & accruals	24,364	(61,264)
Decrease (increase) in prospecting costs	258,912	-
	<hr/>	<hr/>
Net cash applied to operating activities	40,195	(259,233)
	<hr/>	<hr/>

**BROKEN HILL PROSPECTING LIMITED**  
**Notes to the financial statements**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

<b>4. Property, plant &amp; equipment</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>A\$</b>	<b>A\$</b>
Opening balance	1,046	16,944
Additions at cost	-	-
Depreciation for the period	(212)	(2,791)
	<hr/>	<hr/>
Total property, plant & equipment	<u>834</u>	<u>14,153</u>

**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.

<b>Expenditure requirements for tenements</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>A\$</b>	<b>A\$</b>
Not later than 1 year	216,000	184,548
Later than 1 year but not later than 5 years	504,041	600,000
	<hr/>	<hr/>
	<u>720,041</u>	<u>784,548</u>

**Office lease**

Not later than 1 year	-	46,191
Later than 1 year but not later than 5 years	-	75,616
	<hr/>	<hr/>
	<u>-</u>	<u>121,807</u>

**6. Related party disclosure**

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

<b>Transactions with related parties</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>A\$</b>	<b>A\$</b>
<u>Directors and director related entities</u>		
Directors' remuneration	164,750	251,522
Amounts paid and payable to directors or related entities for consulting and other services	6,735	16,940
9,000,000 options issued under a share-option plan to directors and contractor	-	133,200

**BROKEN HILL PROSPECTING LIMITED**  
**Notes to the financial statements**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

<b>Identification of related parties Including share and option movements</b>	<b>31/12/2013</b>		<b>31/12/2012</b>	
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>
So Co Limited (Ultimate holding company)	34,371,000	42%	34,371,000	42%
New Talisman Gold Mines Limited	17,929,000	22%	17,929,000	22%
Other Director related entities	1,445,000	1%	1,445,000	1%
Non-related parties	28,836,900	35%	28,836,900	35%
<b>Total shares on issue</b>	<b>82,581,900</b>	<b>100%</b>	<b>82,581,900</b>	<b>100%</b>

  

	<b>31/12/2013</b>		<b>31/12/2012</b>	
	<b>No. of options</b>		<b>No. of options</b>	
So Co Limited (Ultimate holding company)	17,185,000	34%	17,185,000	34%
New Talisman Gold Mines Limited	8,964,000	18%	8,964,000	17%
Other Directors and director related entities	7,345,000	15%	9,345,000	18%
Non-related parties	16,346,950	33%	15,846,950	31%
<b>Total options on issue</b>	<b>49,840,950</b>	<b>100%</b>	<b>51,340,950</b>	<b>100%</b>

G Hill is a director and shareholder of So Co Limited.

I Pringle and Matthew Hill are directors of New Talisman Gold Mines Limited.

<b>Related parties balances</b>	<b>31/12/2012</b>	<b>31/12/2012</b>
	<b>A\$</b>	<b>A\$</b>
Amounts due to related parties		
Trade and other payables		
- Payable to directors' related entities	18,250	6,145
<b>Total due to related parties</b>	<b>18,250</b>	<b>6,145</b>

**7. Controlled entities**

Broken Hill Uranium Pty Ltd - fully owned.

Broken Hill Chemical Pty Limited - fully owned.

**BROKEN HILL PROSPECTING LIMITED**  
**Notes to the financial statements**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

**8. Intangible assets**

<b>Prospecting costs and mining tenements</b>	<b>6 months 31/12/2013 A\$</b>	<b>Year ended 30/6/2013 A\$</b>	<b>6 months 31/12/2012 A\$</b>
Balance at the beginning of the year	2,239,489	1,791,158	1,791,158
Exploration & evaluation expenses	27,347	448,331	264,035
Less expenses written off	(258,912)		
Closing balance	<u>2,007,924</u>	<u>2,239,489</u>	<u>2,055,193</u>

**9. Contingencies**

There were no contingent liabilities at balance date (31/12/2012: nil).

**10. Seasonality of operations**

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

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

**12. Subsequent Events**

11,190,950 options which represent all the listed options (ASX code: BPLOA) have expired on 17 February 2014. There are no other material events subsequent to the end of the period that have not been reflected in the financial statements.

**13. Going Concern**

The financial report has been prepared on a going concern basis. The Directors retain sufficient funds to meet the expected financial obligations at least to the end of the financial year. The directors are working with potential business partners and investors to raise further funds. The validity of the going concern assumption in the longer term is dependent on the success of these initiatives.

## 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 2013:
  - (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 2013 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 2014



Ian Pringle, Director  
13 March 2014