

BROKEN HILL PROSPECTING LIMITED

**HALF YEAR REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2015**

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 2015

CONTENTS

Company Directory	Page 1
Directors' Report	Page 2
Auditors Report	Page 4
Consolidated Statement of Profit or Loss and other Comprehensive Income	Page 6
Consolidated Statement of Changes in Equity	Page 7
Consolidated Statement of Financial Position	Page 8
Consolidated Statement of Cash Flows	Page 9
Notes to the Financial Statements	Page 10
Directors' Statement	Page 15

BROKEN HILL PROSPECTING LIMITED

**COMPANY DIRECTORY
AS AT 31 DECEMBER 2015**

<p>DIRECTORS F Creagh O'Connor (Chairman) Ian J Pringle (Managing Director) Matthew G Hill Denis Geldard Geoffrey Guild Hill</p>	<p>AUDITORS K.S. Black & Co. <small>(ABN 48 117 620 556)</small> Level 6 350 Kent Street Sydney NSW 2000</p>																				
<p>COMPANY SECRETARY Francesco Giroto</p>	<p>BANKERS National Australia Bank, Sydney</p>																				
<p>REGISTERED OFFICE Ground Floor Nathan House 541 Parnell Road Parnell, Auckland 1052 New Zealand</p>	<p>SECURITIES LISTED Australian Securities Exchange (ASX): Code: BPL (shares) Code: BPLO (options)</p>																				
<p>AUSTRALIAN OFFICE Level 14, 52 Phillip Street Sydney NSW 2000 Box 3486 GPO SYDNEY NSW 2001 Phone: (+61 2) 9252 5300 Fax: (+61 2) 9252 8400 Email: info@bhpl.biz</p> <hr/> <p>WEBSITE www.bhpl.biz TWITTER @BH_PL</p>	<p>SHARE REGISTRAR AUSTRALIA 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) www.computershare.com.au</p>																				
<p>INTERESTS IN MINING TENEMENTS HELD BY THE COMPANY AND ITS SUBSIDIARIES</p> <table> <tr> <td>Mining Lease 86, Broken Hill NSW Australia</td> <td>- 100%</td> </tr> <tr> <td>Mining Lease 87, Broken Hill NSW Australia</td> <td>- 100%</td> </tr> <tr> <td>Exploration Licence 6622, Broken Hill NSW Australia</td> <td>- 100%</td> </tr> <tr> <td>Exploration Licence 8143, Broken Hill NSW Australia</td> <td>- 100%</td> </tr> <tr> <td>Exploration Licence 8308, Broken Hill NSW Australia</td> <td>- 100%</td> </tr> <tr> <td>Exploration Licence 8309, Broken Hill NSW Australia</td> <td>- 100%</td> </tr> <tr> <td>Exploration Licence 8310, Broken Hill NSW Australia</td> <td>- 100%</td> </tr> <tr> <td>Exploration Licence 8311, Broken Hill NSW Australia</td> <td>- 60% (<i>Joint Venture</i>)</td> </tr> <tr> <td>Exploration Licence 8312, Broken Hill NSW Australia</td> <td>- 60% (<i>Joint Venture</i>)</td> </tr> <tr> <td>Exploration Licence 8385, Broken Hill NSW Australia</td> <td>- 60% (<i>Joint Venture</i>)</td> </tr> </table>		Mining Lease 86 , Broken Hill NSW Australia	- 100%	Mining Lease 87 , Broken Hill NSW Australia	- 100%	Exploration Licence 6622 , Broken Hill NSW Australia	- 100%	Exploration Licence 8143 , Broken Hill NSW Australia	- 100%	Exploration Licence 8308 , Broken Hill NSW Australia	- 100%	Exploration Licence 8309 , Broken Hill NSW Australia	- 100%	Exploration Licence 8310 , Broken Hill NSW Australia	- 100%	Exploration Licence 8311 , Broken Hill NSW Australia	- 60% (<i>Joint Venture</i>)	Exploration Licence 8312 , Broken Hill NSW Australia	- 60% (<i>Joint Venture</i>)	Exploration Licence 8385 , Broken Hill NSW Australia	- 60% (<i>Joint Venture</i>)
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BROKEN HILL PROSPECTING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

The Directors present the following report including financial statements of the company for the six months ended 31 December 2015.

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
Matthew Geoffrey Hill	Non-Executive Director	Appointed 14 March 2012
Denis Geldard	Non-Executive Director	Appointed 3 August 2015
Geoffrey Guild Hill	Non-Executive Director	Appointed 27 August 2015

ACTIVITIES

The principal activity of Broken Hill Prospecting Limited (BPL) is exploration for cobalt and heavy mineral sands (zircon, rutile and ilmenite) 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.

THACKARINGA COBALT-PYRITE (SULPHURIC ACID) PROJECT

The Thackaringa Cobalt-Pyrite (sulphuric acid) Project has an Inferred Resource of 35.7 million tonnes of 1.85 pounds per tonne cobalt (0.084% Co) as well as Potential for another 37Mt - 59Mt of 0.0775 – 0.084% cobalt. Combined, this equates to about 60,000 tonnes of contained cobalt metal. Future processing options are likely to include sulphuric acid as a co-product to cobalt production.

The Company has continued to seek a partner to fund due diligence, metallurgical review and feasibility studies with the intention to develop a world-class chemical project.

HEAVY MINERAL SAND PROJECTS

HMS Joint Venture Project

Broken Hill Minerals Pty Ltd (BHM), a 100% owned subsidiary of BPL exploration has undertaken drill testing and resource determinations at both the Copi North and Magic Heavy Minerals Sand (HMS) Deposits in EL8311 and EL8312. A third tenement (EL8385) was granted during the period. Exploration has been financed by the private mining investment group Relentless Resources Limited (RRL) which is providing \$2 million of funding to earn a 50% interest in the project.

At the Copi North HMS Deposit, a maiden Resource of 11.6 million tonnes of 6.9% heavy minerals was estimated by independent resource consultants using BHM's drill hole data and information collected from records of previous company work. The mineral make-up of the mineral sands includes a relatively high proportion of zircon (11.3%) and rutile (10.8%).

In late 2015, BHM completed a second maiden Resource estimate (Magic HMS Deposit) which added another 15 million tonnes of 3.7% heavy minerals to the project inventory. Like Copi North, the Magic deposit

contains a substantial proportion of high-value zircon (14%) and the mineralisation is at shallow depths (average 12 metres) under friable sand, silt and clay.

In early 2016 a Scoping Study was completed for the Copi North HMS Deposit and planning was in progress to explore for extensions of both the Copi North and Copi South HMS deposits.

HMS Project (100% BHM)

Tenements EL8308, EL8309 and EL8310 are 100% owned by Broken Hill Minerals Pty Ltd. The Company has located several HMS deposits and is seeking a partner to undertake exploration assessment of the most promising of these.

EVENTS AFTER BALANCE DATE

The company has lodged an application with AusIndustry for registration of research & development activities for the year ended 30 June 2015. The company expects to receive about \$250,000 under the R&D Tax Incentive provision.

On 18 January 2016 11,000,000 options with exercise price of A\$0.08 and expiry date of 12 November 2019 were issued to the Directors and key management personnel of the company in accordance with the resolutions passed at the Annual General meeting of the company on 19 November 2015.

On 17 February 2016 38,650,000 unlisted options with exercise price of A\$0.20 have expired unexercised.

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

Signed for and on behalf of the Board



Geoffrey Hill, Director



Ian Pringle, Director

15 March 2016

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.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Broken Hill Prospecting Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Broken Hill Prospecting Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, the consolidated statement in changed in equity and the statement of cash flows for the half-year ended on that date, noted comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the entity comprising the company at the half-year's end or from time to time during the half-year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and NZ IAS -34 Interim Financial reporting and other mandatory professional reporting requirements in New Zealand and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on *Review Engagements ASRE 2410 Review of a Financial Performed by Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and complying with the NZ IAS -34 Interim Financial reporting and other mandatory professional reporting requirements in New Zealand. As the auditor of Broken Hill Prospecting Limited, ASRE 2410 required that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primary of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is subsequently less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurances that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Broken Hill Prospecting Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Broken Hill Prospecting Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- b) complying with Australian Accounting Standards *AASB 134 Interim Financial Reporting and Corporations Regulations 2001*
- c) complying with the NZ IAS -34 Interim Financial reporting and other mandatory professional reporting requirements in New Zealand.

Emphasis of matter

Without amendment to our conclusion we emphasise the following matter.

Going Concern

The Directors opinion as detailed in the Note 1 to the half-year financial report, which indicates that the ability of the entity to continue as a going concern is dependent upon future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the entity's tenements. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

KS Black & Co
Chartered Accountants



Scott Bennison
Partner

15/3/16

BROKEN HILL PROSPECTING LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

	6 Months 31 December 2015 A\$	6 Months 31 December 2014 A\$
Continuing Operations		
Interest received	9,792	2,723
Management fees	13,612	-
Research & development tax incentive	-	154,003
Auditors' remuneration – auditing the accounts	(15,148)	(7,654)
Marketing & promotion	(15,715)	(4,036)
Management fees	(54,486)	(106,000)
Accounting, secretarial, legal	(128,952)	(93,529)
Consulting fees	(5,860)	(23,738)
Administration expenses	(58,534)	(55,802)
Directors' fees	(38,805)	(31,490)
Rent & outgoings	(3,000)	-
Depreciation	(167)	(212)
	<hr/>	<hr/>
Profit/(loss) for the period before income tax	(297,263)	(165,735)
Income tax expense	-	-
	<hr/>	<hr/>
Profit/(loss) for the period	(297,263)	(165,735)
Other comprehensive income/(loss)		
Profit on disposal of interest in joint venture tenements	521,159	-
	<hr/>	<hr/>
Net profit/(loss) and comprehensive income/(loss) attributable to members of the parent entity	223,896	(165,735)
	<hr/>	<hr/>
 Earnings per share		
Basic earnings/(loss) per share from continuing operations	0.18 cents	(0.18) cents
Diluted earnings/(loss) per share from continuing operations	0.11 cents	(0.12) cents

This statement is to be read in conjunction with the accompanying notes and the previous year's annual financial statements.

BROKEN HILL PROSPECTING LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

	Share capital	Option reserve	Accumulated losses	Foreign currency translation	Total
	A\$	A\$	A\$	A\$	A\$
2015					
Comprehensive income (loss)	-	-	223,896	-	223,896
Proceeds from share capital issued	994,047	-	-	-	994,047
Share issue costs	(249,539)	-	-	-	(249,539)
Movement in equity for the period	744,508	-	223,896	-	968,404
Equity at 1 July 2015	5,831,688	133,200	(3,264,873)	(477)	2,699,538
Equity at 31 December 2015	6,576,196	133,200	(3,040,977)	(477)	3,667,942
2014					
Comprehensive income (loss)	-	-	(165,735)	-	(165,735)
Proceeds from share capital issued	441,798	-	-	-	441,798
Share issue costs	(34,047)	-	-	-	(34,047)
Movement in equity for the period	407,751	-	(165,735)	-	242,016
Equity at 1 July 2014	5,425,188	133,200	(3,233,029)	(477)	2,324,882
Equity at 31 December 2014	5,832,939	133,200	(3,398,764)	(477)	2,566,898

This statement is to be read in conjunction with the accompanying notes and the previous year's annual financial statements.

BROKEN HILL PROSPECTING LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	31/12/2015 A\$	30/6/2015 A\$	31/12/2014 A\$
Equity				
Share capital	2	6,576,196	5,831,688	5,832,939
Foreign currency translation		(477)	(477)	(477)
Reserves		133,200	133,200	133,200
Accumulated losses		(3,040,977)	(3,264,873)	(3,398,764)
Total equity		3,667,942	2,699,538	2,566,898
Represented by:				
Current assets				
Cash and cash equivalents		894,852	114,643	413,973
Receivables		28,553	53,476	21,379
Prepayments and accrued income		12,831	98,497	7,976
Total current assets		936,236	266,616	443,328
Non-current assets				
Property, plant & equipment	4	31	198	410
Intangible assets	7	2,633,409	2,494,492	2,112,621
Security deposits		125,000	115,000	70,000
Total non-current assets		2,758,440	2,609,690	2,183,031
Total assets		3,694,676	2,876,306	2,626,359
Current liabilities				
Trade and other payables		23,121	154,695	31,336
Due to related parties		3,613	22,073	28,125
Total current liabilities		26,734	176,768	59,461
Total liabilities		26,734	176,768	59,461
Shareholders equity		3,667,942	2,699,538	2,566,898

Net tangible assets per security **0.83 cents** **0.21 cents** **0.46 cents**

For and on behalf of the Board



Geoffrey Hill, Director
15 March 2016



Ian Pringle, Director
15 March 2016

This statement is to be read in conjunction with the accompanying notes and the previous year's annual financial statements.

BROKEN HILL PROSPECTING LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Note	6 months 31/12/2015 A\$	6 months 31/12/2014 A\$
Cash flows from operating activities			
Interest received		9,792	2,723
Fees received		9,607	-
Research & development tax incentive		-	154,003
Payments to suppliers and employees		(325,493)	(374,143)
Net cash used in operating activities	3	<u>(306,094)</u>	<u>(217,417)</u>
Cash flows from investing activities			
Prospecting expenditure		(294,360)	(54,872)
Proceeds from disposal of joint venture interest		600,000	-
Net cash provided by/(used in) investing activities		<u>305,640</u>	<u>(54,872)</u>
Cash flows from financing activities			
Share capital issued		994,047	441,798
Shares issue costs		(213,384)	(34,047)
Net cash provided by financing activities		<u>780,663</u>	<u>407,751</u>
Net increase / (decrease) in cash and cash equivalents held		780,209	135,462
Cash and cash equivalents at the beginning of the period		<u>114,643</u>	<u>278,511</u>
Cash and cash equivalents at the end of the period		<u>894,852</u>	<u>413,973</u>
Cash comprises:			
Cash at bank		<u>894,852</u>	<u>413,973</u>

This statement is to be read in conjunction with the accompanying notes and the previous year's annual financial statements.

BROKEN HILL PROSPECTING LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

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, Broken Hill Chemical Pty Limited and Broken Hill Minerals Pty Ltd.

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 2015.

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 seasonal 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 AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

2. Share capital	31/12/2015 A\$	31/12/2014 A\$
Ordinary shares – 124,255,771 (2014: 99,404,617)	6,576,196	5,832,939
<hr/>		
Movement in share capital	No. of shares	A\$
Share capital at 30 June 2015	99,404,617	5,832,939
Movements:		
July 2015 Rights issue	24,851,154	743,257
	<hr/>	<hr/>
	124,255,771	6,576,196
<hr/>		
Movement in Options	No. of options	A\$
Options as at 30 June 2015	49,694,957	133,200
Movements:		
July 2015 Rights issue (free attaching options)	24,851,154	-
	<hr/>	<hr/>
	74,546,111	133,200
<hr/>		

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

3. Reconciliation of operating cash flow & net income	31/12/2015 A\$	31/12/2014 A\$
Net income / (loss) after income tax	(297,263)	(165,735)
<hr/>		
Add non-cash items:		
Depreciation	167	212
Changes in assets and liabilities:		
Decrease (increase) in GST receivable	29,076	(4,715)
Decrease (increase) in deposits paid	(10,000)	(50,000)
Decrease (increase) in other debtors	(4,004)	51
Decrease (increase) in prepayments	8,197	9,718
Increase (decrease) in payables & accruals	(32,267)	(6,948)
	<hr/>	<hr/>
Net cash used in operating activities	(306,094)	(217,417)
<hr/>		

BROKEN HILL PROSPECTING LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

4. Property, plant & equipment	31/12/2015	31/12/2014
	A\$	A\$
Opening balance	198	622
Additions at cost	-	-
Depreciation for the period	(167)	(212)
	<hr/>	<hr/>
Total property, plant & equipment	31	410
	<hr/>	<hr/>

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.

Expenditure requirements for tenements	31/12/2015	31/12/2014
	A\$	A\$
Not later than 1 year	305,685	322,334
Later than 1 year but not later than 5 years	177,273	373,810
	<hr/>	<hr/>
Total	482,958	696,144
	<hr/>	<hr/>

6. Controlled entities

Interests in subsidiaries

Name of Entity	Equity Held		Country of Incorporation
	2015	2014	
Broken Hill Uranium Pty Ltd	100%	100%	Australia
Broken Hill Chemical Pty Ltd	100%	100%	Australia
Broken Hill Minerals Pty Ltd	100%	100%	Australia

All subsidiaries are direct subsidiaries of the company and have the same balance date.

BROKEN HILL PROSPECTING LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

7. Intangible assets

Prospecting costs and mining tenements	6 months 31/12/2015 A\$	Year ended 30/6/2015 A\$	6 months 31/12/2014 A\$
Balance at the beginning of the year	2,494,492	2,036,907	2,036,907
Exploration & evaluation expenses	236,302	457,585	75,714
Less: Interest disposed	(97,385)	-	-
Closing balance	<u>2,633,409</u>	<u>2,494,492</u>	<u>2,112,621</u>

8. Contingent liabilities

There were no contingent liabilities at 31 December 2015 (31 December 2014: nil).

9. Seasonality of operations

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

10. Segment information

During the current period, the company had only one business segment – mineral exploration within Australia.

11. Joint venture

Broken Hill Minerals Pty Ltd, a 100% subsidiary of the Company is a participant in a joint venture agreement with Relentless Resources Limited (RRL) in order to fund and manage the company's advanced Heavy Mineral Sands (HMS) projects.

RRL committed to make staged payments totaling A\$2,000,000 to earn a 50% participating interest in the joint venture. During the period to 31 December 2015 RRL paid a second instalment of A\$1,000,000 earning an additional 20% in the Joint Venture. The interest of RRL has therefore increased from 20% as at 30 June 2015 to 40% as at 31 December 2015. As at 31 December 2015 the Group had a 60% participating interest in the joint venture. For the period to 31 December 2015 the joint venture incurred total exploration and evaluation expenditure of A\$383,212.

In accordance with NZ IFRS 11 the group recognised a net gain of A\$521,159 from the disposal of the additional 20% interest in the joint venture.

BROKEN HILL PROSPECTING LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

12. Going concern

The financial report has been prepared on a going concern basis. The Company has raised sufficient funds to ensure that expected financial obligations can continue to be met for longer than 12 months.

The company expects that the majority of exploration and evaluation expenses in the next financial year will be funded from joint venture partners. The validity of the going concern assumption in the longer term is dependent on the success of these initiatives.

13. Subsequent Events

The company has lodged an application with AusIndustry for registration of research & development activities for the year ended 30 June 2015. The company expects to receive about \$250,000 under the R&D Tax Incentive provision.

On 18 January 2016 11,000,000 options with exercise price of A\$0.08 and expiry date of 12 November 2019 were issued to the Directors and key management personnel of the company in accordance with the resolutions passed at the Annual General meeting of the company on 19 November 2015.

On 17 February 2016 38,650,000 unlisted options with exercise price of A\$0.20 have expired unexercised.

There are no other 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 2015:
 - (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 2015 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



Geoffrey Hill, Director

15 March 2016



Ian Pringle, Director