



BROKEN HILL PROSPECTING LIMITED

(Incorporated in New Zealand)

NZ Company Number: 322887, NZ Overseas Issuer Number: 2541657

NZ Financial Services Provider Number: FSP32949

ARBN: 003 453 503 (Australia)

ABN: 83 003 453 503 (Australia)

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2018**

CONTENTS

CONTENTS.....	2
CORPORATE DIRECTORY	3
CHAIRMAN'S MESSAGE	4
DIRECTORS' REPORT	5
Review of Operations.....	5
Board of Directors	15
Company Secretary	16
Remuneration Report.....	16
INDEPENDENT AUDITOR'S REPORT	19
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018...	22
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018.....	23
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018.....	24
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018.....	25
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	26
DIRECTORS' STATEMENT	44
ADDITIONAL INFORMATION	45
Directors' Information.....	45
Shareholders' Information as at 31 August 2018	45

CORPORATE DIRECTORY**Non – Executive Directors**

F Creagh O'Connor (Chairman)

Matthew G Hill

Denis Geldard

Geoffrey G Hill

Managing Director

Anthony (Trangie) Johnston

Company Secretary

Ian Morgan

Registered Office

Ground Floor Nathan House

541 Parnell Road

Parnell, Auckland 1052

New Zealand

Office in Australia

Suite 1002, Level 10

171 Clarence Street

Sydney 2000

GPO Box 1546

SYDNEY NSW 2001

Phone: (+61 2) 9238 1175

Email: info@bhpl.net.au**Interests in Mining Tenements****As at 31 August 2018**

Tenement Name	Tenement Type and Number	Location	Group Ownership
Pine Ridge	Exploration Licence-EL6622*	Broken Hill NSW Australia	100%*
Felspar Creek	Exploration Licence-EL8143*	Broken Hill NSW Australia	100%*
Pyrite Hill	Mining Lease-ML86*	Broken Hill NSW Australia	100%*
Big Hill	Mining Lease-ML87*	Broken Hill NSW Australia	100%*
Broken Hill NW	Exploration Licence EL8775	Broken Hill NSW Australia	100%
Triple Chance	Exploration Licence EL8774	Broken Hill NSW Australia	100%
Main Line	Exploration Licence EL8773	Broken Hill NSW Australia	100%
Tyrell Ridge	Exploration Licence-EL6614	Mildura NSW Australia	100%
Tararra	Exploration Licence-EL8558	Mildura NSW Australia	100%
Central Para	Exploration Licence-EL8559	Mildura NSW Australia	100%
Euston South	Exploration Licence-EL8649	Mildura NSW Australia	100%
Euston North	Exploration Licence-EL8650	Mildura NSW Australia	100%
Birchip	Exploration Licence-EL006583	Victoria Australia	100%
Warrachnabeal	Exploration Licence-EL006584	Victoria Australia	100%
Ouyen	Exploration Licence-EL006585	Victoria Australia	100%
Dangalli North	Exploration Licence-EL6139	South Australia Australia	100%

* These tenements are subject to the Thackaringa Joint Venture with Cobalt Blue Holdings Ltd ("COB"). BPL holds 100% legal interest and 30% beneficial interest, COB holds 0% legal interest and 70% beneficial interest.

Twitter

@BH_PL

Auditor

Nexia Sydney Audit Pty Ltd

Level 16

1 Market Street

Sydney NSW 2000

Bankers

National Australia Bank

Commonwealth Bank of Australia

Securities Listed

Australian Securities Exchange:

Code BPL (shares)

Code BPLO (options)

Share Registrar

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**Website**www.bhpl.net.au

CHAIRMAN'S MESSAGE

Dear Fellow Shareholders,

My Chairman's message for the previous (2017) Annual Report of your Company (BPL, or the Company) focussed on two major initiatives achieved that year. They were, the successful spin-off of Cobalt Blue Holdings Ltd (ASX: COB) and the resolution of the mineral sands joint venture dispute with Relentless Resources.

These two important successes placed BPL in a strong position to continue delivering value through this latest year. This Annual Report focuses on our emphasis on the delivery of value.

BPL has been working cooperatively with COB to achieve major advancements in the world class Thackaringa Cobalt Project, located near Broken Hill in western New South Wales. The emerging and rapidly growing energy storage / battery industry underpins the strong development case for Thackaringa. Hard work during the year saw the following major advancements:

- **Extensive drilling to underpin increased mineral resources and a maiden mineral reserve.**
- **Comprehensive studies in parallel with the drilling, to support delivery of a Preliminary Feasibility Study (PFS).**
- **Extensive work to identify optimal metallurgical processing pathways for Thackaringa, with potential application to other cobalt-pyrite sulphide deposits. This is the subject of patent applications.**
- **A PFS level calculation of the potential royalty payable to BPL from Thackaringa, on currently anticipated production rates. The royalty ranges from \$43M to \$48M during the currently proposed life of mine.**

For a project the size and significance of Thackaringa, delivery of these outcomes within the joint venture timeframes is an excellent outcome. I express my thanks to the Board and executives of COB, who we are working closely with and with whom we share the success of the project. The key PFS project metrics are set out in the Review of Operations section of this Report. The outcomes to date strongly support progression to a full bankable feasibility study, which is now underway.

Beyond the cobalt potential of Thackaringa, which is the subject of the Thackaringa Joint Venture with COB, the Thackaringa tenements have exceptional potential for other precious and base metal mineralisation. BPL retains the rights to these minerals. Several new tenement applications during the year have increased BPL's exposure to high quality exploration tenure in the broader Broken Hill area. An active exploration campaign will commence later in 2018 on all of these tenements.

In the Murray Basin, BPL continues to actively assess its mineral sands project suite for optimal development or monetisation routes. A strengthening in mineral sands prices augers well for this endeavour.

BPL's share price performed strongly during the second half of 2017 and into early 2018, however, it eased in the middle of 2018. This mirrors the trend of our joint venture partner at Thackaringa, COB, and other cobalt exposed explorers and developers. A softening in the cobalt price in recent months is believed to have played a role in this trend.

BPL remains extremely confident in the middle and long-term performance of the cobalt market and is focussed on delivery of the Thackaringa project. It has the potential to represent a world-class cobalt supplier independent of the mainstream mines delivering cobalt out of central Africa.

Under Managing Director Anthony (Trangie) Johnston, along with strong guidance and assistance from the Board, the 2018 financial year saw the Company strongly financed and positioned to achieve growth.

I again take this opportunity to thank the executive team and my fellow Directors.

Also of course, my thanks to you, the owners of the Company, for your ongoing support.

I look forward to sharing a successful 2019 with you.



Creagh O'Connor AM
Chairman

DIRECTORS' REPORT

Review of Operations

Heavy Mineral Sands (HMS), Murray Basin

Prioritisation and Expansion of Mineral Sands Projects

During the year, BPL undertook a significant restructuring and expansion of its mineral sands portfolio, represented by two main initiatives:

- Settlement of the Relentless Resources JV dispute.
- Strategic mineral sands tenement acquisitions to increase BPL's exposure to high quality exploration ground in the Murray Basin, covering approximately 7,300km²

The combined effect of these initiatives was a significant capital injection into BPL during the second calendar half of 2017, and acquisitions that see BPL now holding the largest tenement portfolio in the world class Murray Basin. The Company is in a strong position to take advantage of improving market conditions for mineral sands commodities moving forward. Further details are provided below.

Joint Venture Dispute Resolved

Settlement of a dispute with former joint venture partner Relentless Resources Ltd in the second calendar half of 2017 resulted in the divestment of BPL's non-core heavy mineral sands assets for \$3.1m cash.

Mineral Sands Exploration Project Expansion

A restructure of interests in the NSW sector of the Murray Basin has enabled BPL to expand into proven, highly prospective mineral sands districts, including areas that host large current and recently ceased HMS mining operations. Acquisition of recently vacated tenure in the Euston (NSW) and Ouyen–Tyrell Ridge (VIC) districts sets up the Company for growth in coming years.

The enlarged mineral sands tenement footprint is underpinned by extensive data compilation and prospectivity analysis. That has equipped the Company with a unique proprietary database comprising approximately 60,000 drill holes for 2 million metres of drilling. The database reflects a total exploration replacement value of approximately \$65 million in today's terms (drilling and assay only).

BPL's objective in targeting these additional areas is ultimately to establish a sustainable pipeline of high grade, low tonnage deposits amenable to processing through low capex/low opex mobile plant equipment deployed across a broad project area.

Review of Operations (continued)

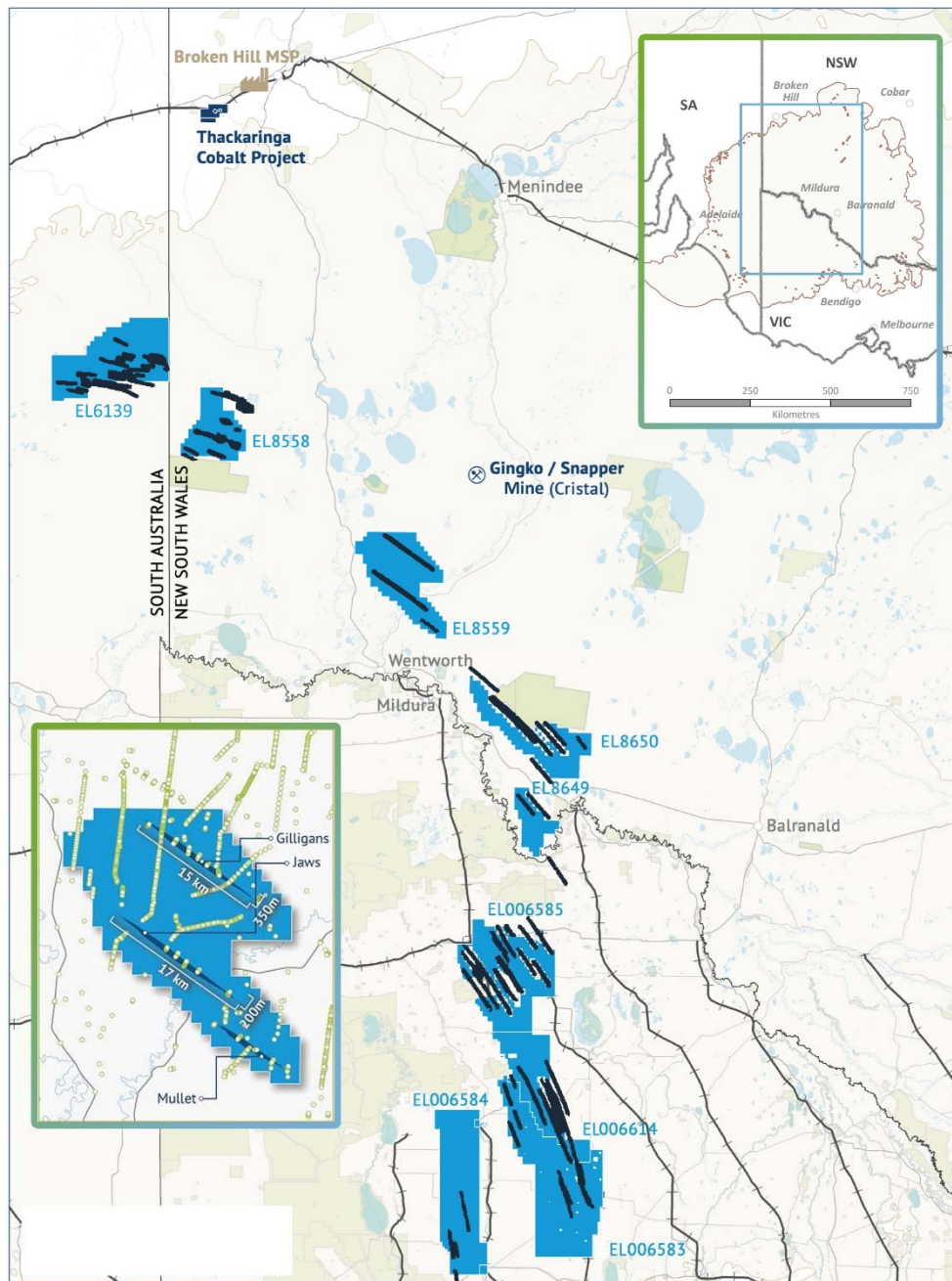


Figure 1. BPL has the largest tenement holding in the Murray Basin HMS province

New HMS Resources

On 10 August 2017, maiden Mineral Resource estimates were announced for the Jaws and Gilligans HMS deposits located in south-western New South Wales (Figure 1). The deposits occur approximately 50km north of Mildura and 20km east of the Silver City Highway, which links Mildura to Broken Hill.

The Inferred Mineral Resources (Table 1) comprise a total of 113 Mt @ 1.8% HM and 3% slimes, containing 2 Mt of HM with an assemblage of 10% total ilmenite, 10% zircon, 26% rutile and 21% magnetic leucoxene and 2% non-magnetic leucoxene including:

Review of Operations (continued)

Table 1. Mineral Resource estimates for the Jaws and Gilligans deposits as reported at a 1% HM cut-off grade.

Summary of Mineral Resources							HM Assemblage				
Mineral Resource Category	Deposit	Material (Mt)	In Situ HM (Mt)	HM (%)	Clay (%)	Oversize (%)	Ilmenite (%)	Zircon (%)	Rutile (%)	Magnetic Leucoxene (%)	Non-Magnetic Leucoxene (%)
Inferred	Jaws	63	1.2	1.9	5	1	10	10	29	22	1
Inferred	Gilligans	50	0.8	1.6	2	2	8	9	23	20	2
Total		113	2.0	1.8	3	1	10	10	26	21	2

NB minor rounding errors may have occurred in the compilation of the above tables.

Future Exploration Direction

The Company proposes to commence district-scale targeting and target ranking in the newly acquired advanced project areas such as the Ouyen district in Victoria. Comprehensive target identification and ranking using best available remote sensing information in addition to the extensive drill hole database, will lead to a highly selective drill program design.

To begin the target ranking process BPL has obtained open-file data from the large Ouyen–Nowingi regional aeromagnetic survey flown by RGC Exploration in 1998 (Figure 2). The survey covers more than half of BPL's Victorian tenement area and was previously used with success in the Ouyen district in the discovery of the Kulwin, Woornack and Rownack deposits by Iluka Resources Ltd. To get the most out of this dataset, the raw line data is being processed with TargetMap™, a proprietary pattern recognition filter. This will be used to emphasise near surface magnetic features with strike directions corresponding to those of known HMS strandlines in the area. This technique is expected to reveal any along-strike extensions of known deposits, as well as, other, more subtle, magnetic anomalies that have not been drill tested. Anomalies with sufficient strike length to mark a substantial deposit will be prioritised for highly focused aircore drilling.

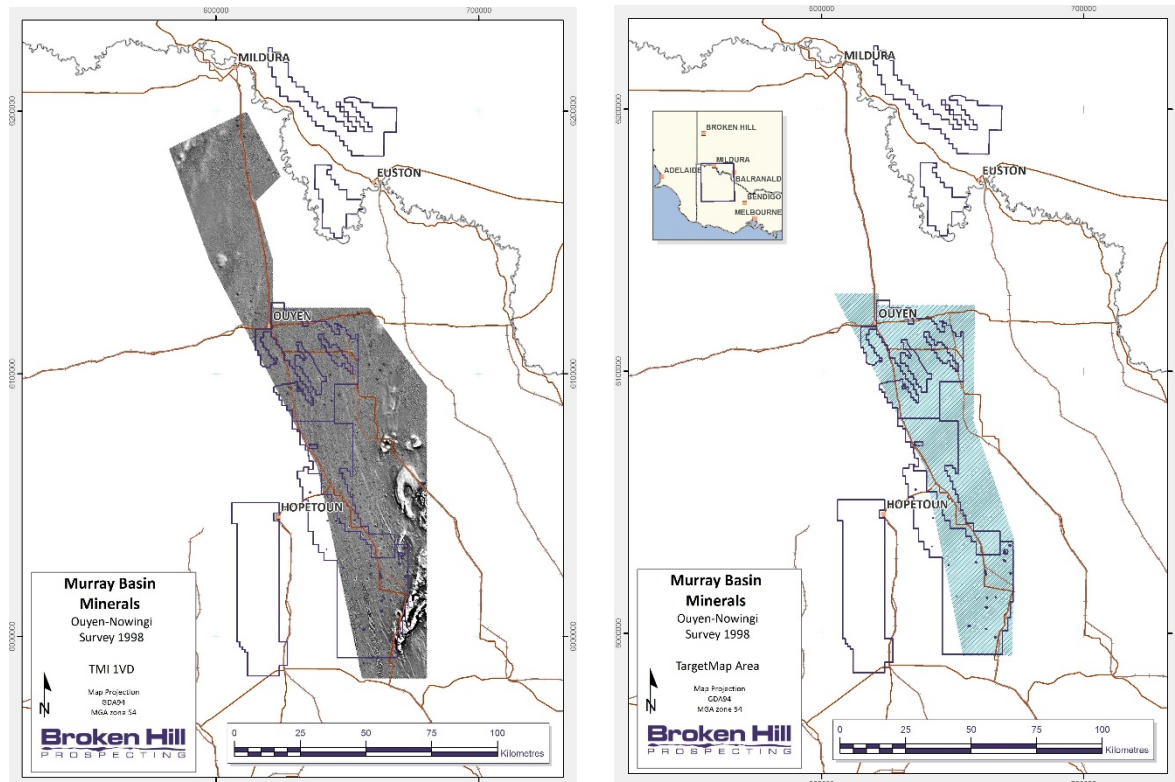


Figure 2. Full extent of the 1998 RGC Ouyen–Nowingi aeromagnetic survey and line data to be processed covering Broken Hill Prospecting Ltd's Victorian tenement holdings

Review of Operations (continued)

Key ASX Announcements

8 May 2018	BPL holds Largest Mineral Sands Position in Murray Basin
4 October 2017	Murray Basin Heavy Mineral Sands Expansion Strategy Advances
28 September 2017	Completion of Legal Dispute Settlement
10 August 2017	Large Maiden Resource Estimate Murray Basin Mineral Sands
28 June 2017	Dispute Settled and HMS Expansion Plans Accelerate

Thackaringa Cobalt-Base-Precious Metal Project

Considerable work has been undertaken at the Thackaringa Cobalt Project during the reporting period.

This work has been carried out by Cobalt Blue Holdings Ltd (COB) subsequent to the successful spin out of that company in early 2017. The activities at Thackaringa are governed by the Thackaringa Joint Venture between BPL and COB (the TJV) under which COB can earn 100% of the project if it completes a four-stage farm-in. This requires \$10.9 million project expenditure by 30 June 2020, and payment to BPL of \$7.5 million in cash. In addition, BPL will receive a 2% net smelter royalty on all cobalt produced from the Thackaringa tenements for the life of mine.

At the date of this report, COB has a 70% beneficial interest in the project and BPL holds 30% beneficial interest. BPL retains 100% of the legal title to the project. The various stages of the TJV are set out in the table below.

Review of Operations (continued)*Summary of COB's Milestones Under the TJV Agreement*

	Milestones	Status
Stage 1	For COB to retain the 51% beneficial interest, then during the period commencing ending no later than 1 April 2018, COB must:	
	(i) Complete prior to 30 June 2017 a minimum \$2.0 million exploration program to define an Inferred / Indicated Mineral Resource of 54.5 million tonnes	Completed
	(ii) Complete after 30 June 2017 a further \$1.2 million exploration program to achieve an Indicated Resource of 40 million tonnes or such other tonnage as may be agreed unanimously by the JV committee	Completed
	(iii) Spend not less than \$0.2 million and not more than \$0.4 million to undertake an aerial geophysical survey of the JV mining tenements	Completed
	(iv) Expenditure under (ii) and (iii) in aggregate must be not less than \$1.4 million and not greater than \$1.6 million	Completed
	(v) Complete prior to 30 June 2017 a Scoping Study	Completed
Stage 2	For COB to earn an additional 19% interest, COB must have completed Stage 1 earning obligations during the period commencing on 1 July 2017 and ending no later than 30 June 2018:	
	(i) A \$2.5 million approved exploration program within the JV area	Completed
	(ii) Complete a Pre-feasibility Study	Completed
Stage 3	Stipulates COB can earn a further 15% interest by 30 June 2019 if it spends a minimum \$5 million on an in-ground exploration program to define a Measured Mineral Resource and Ore Reserve and complete a Bankable Feasibility Study.	
Stage 4	Enables COB to earn the final 15% interest in Thackaringa if it makes a decision to mine; procures necessary project approvals including financing; achieves financial close; and pays BPL \$7.5 million in cash no later than 30 June 2020.	
	BPL has also been granted a 2% net smelter royalty on all cobalt produced from the Thackaringa tenements for the life of the mine	

Table 2. Thackaringa Cobalt Project JV Agreement

Importantly, under the terms of the TJV, BPL retains the rights to lead, zinc, copper, silver and gold minerals on the TJV tenements. Further details on activities carried out by BPL exploring for these minerals are set out later in this report.

Review of Operations (continued)

The key achievements of the TJV during the reporting period were as follows:

Scoping Study

BPL received a Scoping Study for the Thackaringa Cobalt Project from COB on the 30th June 2017. The results of the Study were positive and, importantly, provided strong encouragement for the joint venture to commit to the next stage of exploration and development.

Pre-feasibility Study

During the reporting period, a major drilling program was completed to support a resource upgrade in preparation for Pre-feasibility Studies.

The drilling program comprised 74 drill holes for 12,458.7 metres, and included 16 DD holes, 55 RC holes and 3 RC holes with diamond tails. By deposit 48 holes were drilled at Railway, 17 holes at Pyrite Hill and 9 holes at Big Hill.

The results demonstrate strong continuity along both strike and down dip at the Railway, Pyrite Hill and Big Hill deposits. Cobalt mineralisation outcrops in prominent ridgelines that extend for 4.5km strike with widths ranging from 25 to 100m and open at depth.

The drilling program was designed to upgrade the resource to Indicated status, expand the overall resource base, provide comprehensive geotechnical information and additional samples for metallurgical testing.

The Pre-feasibility Study results were formally released on July 4, 2018 with key outcomes being as follows:

Table 3. PFS Key Outcomes based on the maiden Ore Reserve (source: COB):

Operating Metric – PFS Reserve	Input	Comments
Plant Capex (±25%)	A\$550m	Incl A\$66m in contingency, excl \$25m pre-strip
Plant throughput	5.25Mtpa	Following commissioning period
Cobalt production (metal in sulphate)	3,657 tpa	Average over first 7 years post ramp-up
Cobalt production (metal in sulphate)	32,453 tonnes	LOM Total
C1 Cash Cost (incl sulphur credit)	US\$11.90/lb	Average based on Reserve
Initial mine life (Reserve)	9.3 years	Reserve 46.3Mt @ 819ppm cobalt

BROKEN HILL PROSPECTING LIMITED

Directors' report (continued)

Review of Operations (continued)

Table 4. PFS Production Target (Potential Upside Mining Case) based on the maiden Ore Reserve and a partial component of Inferred Resource (source: COB):

Throughput, CAPEX, Costs	Input	Comments
Plant Capex (±25%)	A\$550m	Incl A\$66m in contingency, excl \$23m pre-strip
Plant throughput	5.25 Mtpa	Following commissioning period
Cobalt production (metal in sulphate)	3,558 tpa	Average over first 10 years post ramp-up
Cobalt production (metal in sulphate)	40,331 tonnes	LOM Total
C1 Cash Cost (incl sulphur credit)	US\$12.76/lb	Average based on Production Target
Initial mine life (Production Target)	12.8 years	Production Target 58.7mt @ 802ppm cobalt
Macro Assumptions	Input	Comments
A\$/US\$ Exchange Rate	Fwd curve	2018 \$0.75, 2019 \$0.73, 2020 \$0.71, 2021 \$0.71 then \$0.70 onwards
Avg LOM Cobalt Sulphate Price	US\$33.80/lb	Independent expert – CRU International
Avg LOM Sulphur Price (landed in Aus)	US\$145/t	Independent expert – CRU International
Financial Metrics	Input	Comments
Pre Tax NPV (8%)	A\$792m	Based on Production Target
Pre Tax IRR (%)	27.0%	
Post Tax (7.5%)	A\$544m	
Post Tax IRR (%)	22.0%	
Project Payback (simple)	4 years	

Based on COB's PFS, BPL's 2% royalty is anticipated to deliver approximately A\$43M to A\$48M revenue over the anticipated life of mine. BPL is currently reviewing the basis of the PFS royalty calculation to ensure that the methodology is correct.

Key ASX Announcements

4 July 2018	Thackaringa Cobalt Project Pre-feasibility Study
23 March 2018	Major Strategic Partnership for the Thackaringa Cobalt JV
19 March 2018	Significant Upgrade for Thackaringa Cobalt Project Mineral Resource
5 March 2018	PFS – Calcine and Leach Testwork Complete – Strong Results
24 January 2018	Significant Thackaringa Drilling Program Complete
12 December 2017	Latest Thackaringa Project Results
22 November 2017	Multiple large base and precious metal targets found at Thackaringa Project
27 September 2017	Geophysical Survey and 3D Modelling Commences at Thackaringa

Thackaringa Base & Precious Metal Exploration

BPL retains the rights to all lead, zinc, copper, silver and gold minerals at Thackaringa under the terms of the TJV with COB.

During the reporting period, a major heliborne electromagnetic ('EM') survey (VTEM-Max) was completed at Thackaringa covering the entire project area (63km²) at a nominal 100m-line spacing. The survey was fully funded by COB as part of the TJV.

The high resolution electromagnetic and magnetic data was used in conjunction with geological mapping to produce a new tenement-scale, 3D geological model which has greatly enhanced base and precious metal targeting at the Thackaringa Project.

Review of Operations (continued)

Multiple base and precious metal anomalies have been identified for further evaluation, including a newly discovered zinc, lead and silver (Zn–Pb–Ag) prospect with outcropping quartz-gahnite veins – a key vector for Broken Hill-style Zn-Pb-Ag mineralisation.

The updated geology model has provided renewed focus on previously explored prospects, with rocks chips defining extensive Cu–Pb–Zn–Au–Ag mineralisation. Geochemical maxima from selected Thackaringa Prospect areas include:

- Pyramid Hill
 - 7.5% Cu, 40g/t Ag, 1g/t Au, 0.1% Ni & 0.2% Pb
- Old Coolgardie West
 - • 5.2% Cu, 140g/t Ag, 0.2g/t Au, 0.2% Ni & 0.1% Pb
- Himalaya North
 - • 2.6% Cu, 5.9% Pb, 62g/t Ag & 0.8% Zn

Broken Hill Base & Precious and Industrial Mineral Exploration Strategy

- Three new exploration licences covering a total of 209 km² have recently been granted in the Broken Hill district increasing the Company's exposure to this world-class mineral province (Figure 3).
- The tenements cover under-explored ground with numerous base, precious and industrial mineral prospects.
- Rocks of the Broken Hill Group, which hosts the giant Broken Hill Pb-Zn-Ag orebody comprising 300Mt of ore containing 30Mt Pb, 24Mt Zn, 1B oz Ag and 1M oz Au, are widely distributed across the tenement portfolio with multiple prospects prioritised for further exploration.
- Archived drill core from the historical Burt & Catterson's Cu–Co prospect has been sampled and is being re-assayed.

Targets

- A diversified exploration approach will be adopted for:
 - Base Metals (Cu–Pb–Zn–Ni–Co)
 - Precious Metals (Au & Ag)
 - Industrial Minerals and Non-metallics
- A new era of on-ground exploration will commence at Thackaringa for base and precious metals and to extend known cobalt deposits.
- Numerous polymetallic prospects have been identified ranging from emerging through to advanced.

Activity - Base & Precious Metals & Cobalt

- Broken Hill Group Targets:
 - Induced polarisation (IP) surveys to test the Himalaya North and Pyramid Hill prospects
 - Aim is to identify strike and dip extensions to near-surface mineralisation for drill testing
- Thackaringa Group Targets:
 - Diverse prospects with interesting metal associations identified in reconnaissance sampling (including Cu–Co, Cu–Zn)
 - Prospect-scale geological mapping
 - Grid based sampling and rock chip geochemistry
 - Anomalous Cobalt

Cobalt Update

- There is considerable potential to expand the Cobalt resource base at the Thackaringa Cobalt Project.
- Just 5.5km of a potential 40km strike length of the cobalt pyritic host unit of the Himalaya Formation has so far been drill tested (Figure 4).
- Targets will be prioritised for drilling using results of major 2017 airborne electromagnetic survey.
- Current Mineral Resource of 72Mt at 852ppm cobalt (Co), 9.3% sulphur (S) & 10% iron (Fe).
- Anomalous cobalt found in rock chips from several additional polymetallic Thackaringa Group prospects.

Review of Operations (continued)

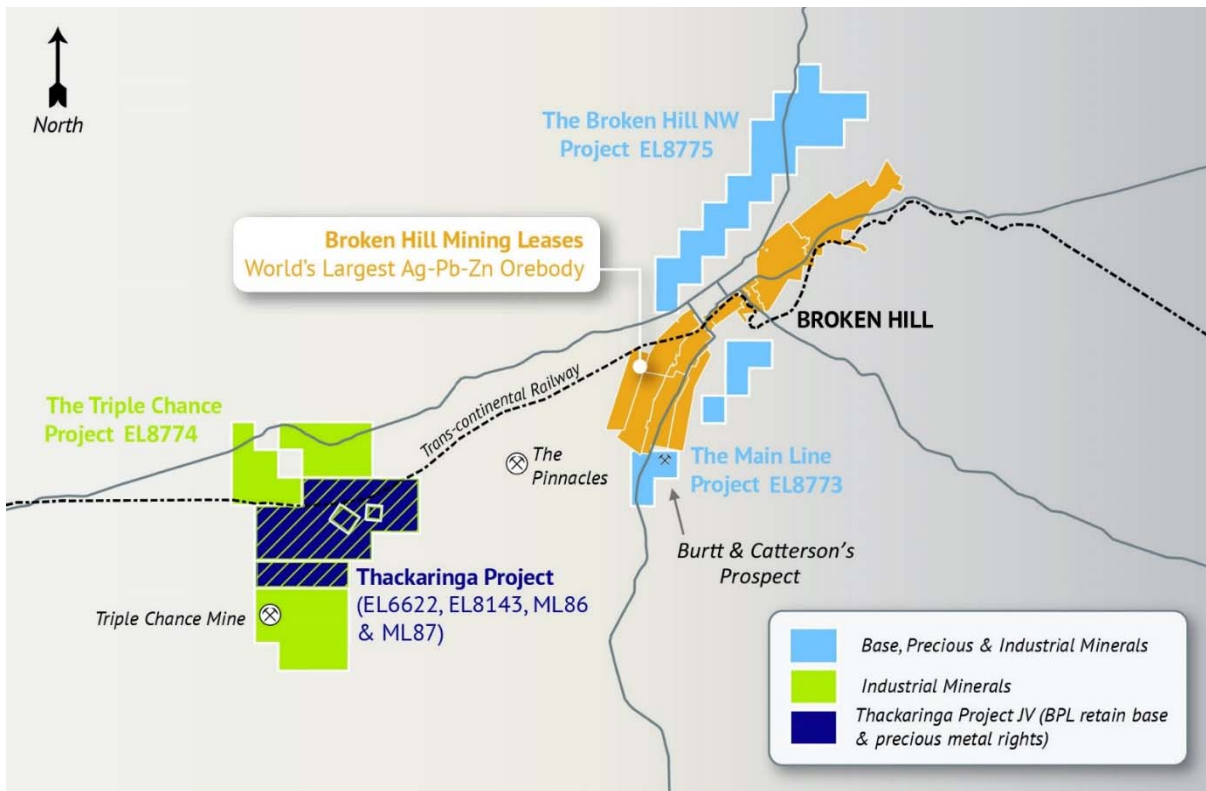


Figure 3. BPL's expanded tenement portfolio in the world class Broken Hill Province

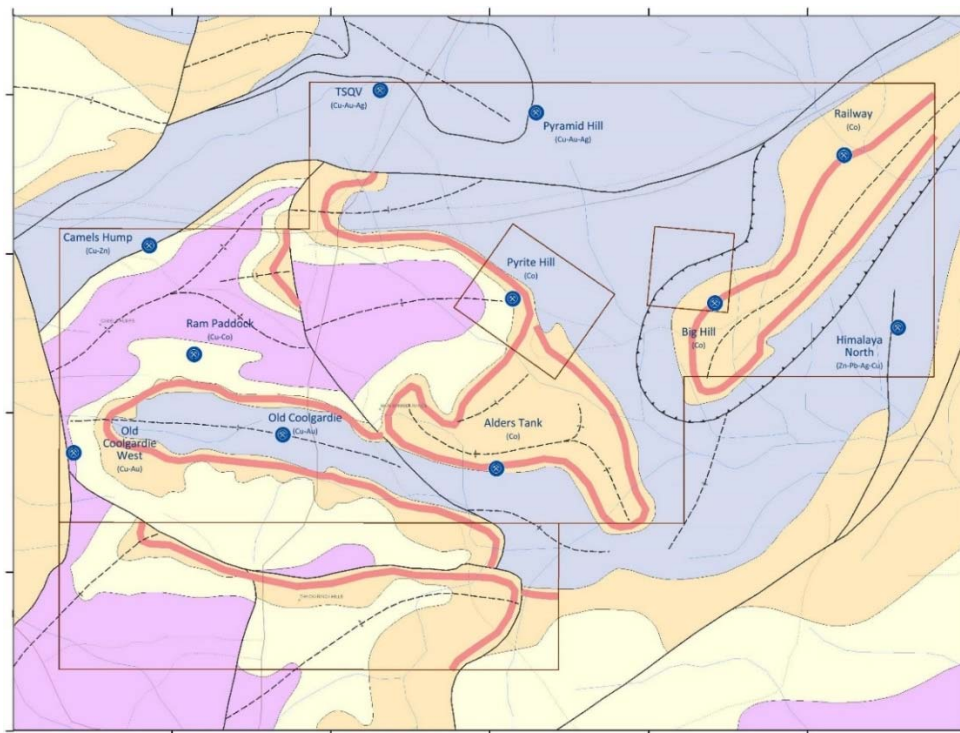


Figure 4. High priority base and precious metal prospects at BPL's Thackaringa Project. The red line highlights the Himalaya Formation that hosts the large cobalt–pyrite deposits at Pyrite Hill, Big Hill and Railway. Approximately 40km of strike length is untested

BROKEN HILL PROSPECTING LIMITED

Directors' report (continued)

Review of Operations (continued)

Mineral Resources

Mineral resources are tabulated by geographic area. Note small rounding errors may have occurred in the compilation of mineral resources.

Mineral Resources Statement

The Mineral Resources statements have been prepared in accordance with JORC 2012. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and that all material assumptions and technical parameters underpinning these Mineral Resource estimates in the relevant market announcements continue to apply and have not materially changed.

The Mineral Resources statement is based on and fairly represents information and supporting documentation prepared by the competent persons named in each relevant market announcement. The Mineral Resources statement, as a whole, has been approved by Mr Johnston who is a Member of the Australian Institute of Mining and Metallurgy and is a full-time employee of the Company.

Annual Review of Mineral Resources

Mineral Resource estimates for the Thackaringa Cobalt deposits (at a cut-off of 500ppm Co) reported by Mineral Resource Classification. Released 9 March 2018

Classification	Mt	Co ppm	Fe %	S %	Pyrite %	Co t	Pyrite Mt	Density
Railway (at a 500ppm Co cut-off)								
Indicated	23	854	10.1	9.2	17	19,400	4	2.85
Inferred	14	801	10.4	9.2	17	11,100	2	2.85
Total	37	842	10.2	9.2	17	30,800	6	2.85
Big Hill (at a 500ppm Co cut-off)								
Indicated	7	712	7.2	6.9	13	5,200	1	2.77
Inferred	2	658	6.7	6.3	12	1,500	0	2.76
Total	10	697	7.0	6.7	13	6,700	1	2.77
Pyrite Hill (at a 500ppm Co cut-off)								
Indicated	22	937	10.9	10.2	19	20,300	4	2.87
Inferred	4	920	11.2	10.8	20	4,000	1	2.89
Total	26	934	10.9	10.3	19	24,200	5	2.88
Total (at a 500ppm Co cut-off)								
Indicated	52	869	10.0	9.3	17	44,900	9	2.85
Inferred	20	810	10.1	9.2	17	16,600	4	2.85
Total	72	852	10.0	9.3	17	61,500	13	2.85

Mineral Resource estimates for the Jaws and Gilligans Heavy Mineral Sand deposits at a 1% HM cut-off grade. Released 10 August 2017

Summary of Mineral Resources							HM Assemblage				
Mineral Resource Category	Deposit	Material (Mt)	In Situ HM (Mt)	HM (%)	Clay (%)	Oversize (%)	Ilmenite (%)	Zircon (%)	Rutile (%)	Magnetic Leucoxene (%)	Non-Magnetic Leucoxene (%)
Inferred	Jaws	63	1.2	1.9	5	1	10	10	29	22	1
Inferred	Gilligans	50	0.8	1.6	2	2	8	9	23	20	2
Total		113	2.0	1.8	3	1	10	10	26	21	2

NB minor rounding errors may have occurred in the compilation of the above tables.

Review of Operations (continued)**Competent Person's Statement**

The information in this report that relates to Mineral Resources and Exploration Targets is based on information compiled by Mr Anthony Johnston, BSc (Hons), who is a Member of the Australian Institute of Mining and Metallurgy and is a full-time employee of the Company. Mr Johnston has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 & 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Johnston consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of mineral resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Board of Directors

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

Francis Creagh O'Connor	Non-Executive Chairman	Appointed 22 June 2000
Anthony (Trangie) Johnston	Managing Director	Appointed 18 January 2018
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

Directors' Meetings: The number of meetings of the Board of Directors and Audit Committee held during the year ended 30 June 2018 and the numbers of meetings attended by each director were:

	Board of Directors		Audit Committee		Remuneration Committee	
	<i>Eligible to attend</i>	<i>Attended</i>	<i>Eligible to attend</i>	<i>Attended</i>	<i>Eligible to attend</i>	<i>Attended</i>
Directors:						
FC O'Connor	11	11	2	2	-	-
A Johnston	8	8	-	-	-	-
MG Hill	11	11	2	2	-	-
D Geldard	11	11	2	1	-	-
GG Hill	11	11	-	-	-	-

In addition, a number of matters were resolved during the period by circular resolution.

Details of Directors

Francis Creagh O'Connor: AM, FAIM, FAICD. Chairman and Non-Executive Director (Independent). Member of the Remuneration Committee, Member of the Audit Committee. Appointed 22 June 2000

Creagh O'Connor was appointed to the Board in 2000 and to the role of Chairman in 2004. He has approximately 40 years' senior management experience in providing consulting and advisory services for oil, gas and mineral projects throughout Australia and overseas. He is a leading consultant for Australian construction and development consortiums. He has served as a Director and Chairman on a number of listed and private companies.

Anthony (Trangie) Johnston: B.Sc, M.Sc. Managing Director Appointed 18 January 2018 and Chief Executive Officer (Appointed 20 May 2016)

Trangie Johnston was appointed to the post of Chief Executive Officer (CEO) on 20 May 2016 and Managing Director on 18 January 2018. Trangie is a skilled geologist with 22 years' experience in exploration, project development and mining activities. His diversified career spans the private, public, consulting and government sectors, with experience throughout Australia and internationally. During the last three years, Trangie was on the Board of ASX listed Cobalt Blue Holdings Limited (resigned 18 June 2018).

Matthew Geoffrey Hill: MBA, AFSL, FFin, APDT. Non-Executive Director, Member of the Remuneration Committee, Chairman of the Audit Committee. Appointed 14 March 2012

Matthew Hill was the alternate Director for Geoffrey Hill from 14 March 2012 to 6 June 2014, when he was appointed Non-Executive Director. Matthew has over 20 years' experience in financial services and investment banking. He is currently Executive Director of publicly listed New Talisman Gold Mines Limited and a Director of Cobalt Blue Holdings Limited. Matthew has previous experience with the Private Equity and Capital Markets sectors employed by News Corporation and Softbank's E-ventures, Potter Warburg and Souls Private Equity Limited.

Denis Geldard: AWASM, MAIMM. Non-Executive Director (Independent), Member of the Audit Committee. Appointed 3 August 2015

Denis Geldard was appointed to the Board on 3 August 2015 and has over 40 years' technical and operational experience in exploration and project development in Australia and internationally. He has over 20 years' experience specifically in the Heavy Mineral Sands Industry with companies such as Western Titanium Ltd, Associated Minerals Consolidated and Iluka Resources. Denis is a Mining Engineering graduate from the Kalgoorlie School of Mines in Western Australia. He has managed and run a number of junior and mid-tier mining and exploration companies and mining operations over the past 40 years including directorships of a number of Australian listed mining and exploration companies.

Geoffrey Guild Hill: B.Ec., MBA, FCPA, ASIA, FAICD. Non-Executive Director, Member of the Remuneration Committee. Appointed 27 August 2015

Geoff Hill was a founding director of the Company, serving from 1989 to 30 June 2014. He re-joined the Board on 27 August 2015. Geoff is a merchant banker based in Hong Kong, with experience in mergers and capital raising and has acted for a wide range of corporate clients in Australia and overseas, particularly in the resources sector. He is Chairman of the International Pacific Securities Group. He is Chairman of ASX listed Pacific American Coal Limited and Asian Property Investments Limited.

Company Secretary

Ian H Morgan: B Bus (UTS), MComLaw (Macquarie University), Grad Dip App Fin (FINSIA), CA, ACIS, ACSA, MAICD, F Fin, Company Secretary. Appointed 13 September 2016

Ian is a member of the Chartered Accountants Australia and New Zealand and the Institute of Chartered Secretaries and Administrators, with over 35 years' experience in corporate administration. Ian provides secretarial and advisory services to a range of companies, including holding the position of Company Secretary for other listed public companies.

Remuneration Report

The Company is incorporated in New Zealand and is a foreign company in terms of the Australian Corporations Act 2001 (Cth) so a separate remuneration report is not required. An abridged report (unaudited) on remuneration of the key management personnel (KMP) of the consolidated entity which follows most of the principles required by the Corporation Act 2001 (Cth) is included below.

Remuneration policy

The remuneration policy, which sets the terms and conditions for KMP, was developed by the remuneration committee and approved by the Board.

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors and key management of the highest calibre, whilst incurring a cost which is acceptable to the shareholders.

The remuneration of the Chairman and Non-Executive Directors is paid by fixed sum plus a long-term share-option equity plan (the "Plan"). Remuneration of the Managing Director is a fixed salary package plus remuneration based on Company performance.

In the 2012 financial year the Company established the Plan for the purpose of providing a long-term equity incentive structure to deliver equity-based benefits to the Directors, contractors and employees. The Board strongly believes that the Plan better aligns the rewards of the key management personnel with the interests of the shareholders.

At the Company's annual general meeting held on 21 December 2017, the Company's shareholders passed resolutions to grant:

Remuneration Report (continued)

1. Mr Matthew Hill 500,000 unquoted options, each with an exercise price of A\$0.06 expiring 10 January 2023,
2. Mr. Trangie Johnston, subject to certain vesting conditions:
 - (i) 3.0 million unquoted options, each with an exercise price of A\$0.08 expiring 10 January 2023
 - (ii) 2.0 million unquoted options, each with an exercise price of A\$0.10 expiring 10 January 2023.

These options were issued 10 January 2018.

On 2 November 2017, 2,400,000 options each with an exercise price of A\$0.06 were granted to the then Chief Executive Officer, Mr A Johnston, in accordance with his entitlement to equity remuneration for the year ended 30 June 2017. These options have a five-year exercise period.

On 21 November 2016, 500,000 shares at 7 cents per share were issued to the then Chief Executive Officer, Mr A Johnston as a sign on bonus pursuant to engagement agreement.

For the 2018 financial year the key management personnel of the Company consisted of the Directors of the Company and its subsidiaries.

Non-Executive Director's fees

The current maximum aggregate limit for Non-Executive Directors' fees is A\$400,000 per annum. Non-Executive Directors' fees are those as set at the time of the Initial Public Offering (IPO) of shares in the Company. The Board initially agreed that each non-executive Director be paid a fee of A\$40,000 per annum and the Chairman a fee of A\$50,000. Directors who also chair the Audit Committee are entitled to further Directors' fee of an additional A\$5,000 per annum. There are no guaranteed annual increases in any Director's fees. To assist with the cash position, the Directors agreed to reduce all their fees by half as from 1 April 2013.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director on normal commercial terms and conditions no more favourable than those available to other parties, in addition to or instead of the remuneration referred to above.

However, no payment as Director's fee can be made if the effect would be to exceed the maximum aggregate amount payable to non-executive Directors. A non-executive Director is entitled to be paid travelling and other expenses properly incurred by them in attending Director's or general meetings of the Company or otherwise in connection with the business of the Company.

Service agreement – Managing Director

An Employment Agreement dated 18 January 2018 was entered into between the Company and Mr A Johnston. The Agreement can be terminated by either party with one month's notice. Mr Johnston's remuneration under the Agreement is

- 1) Base salary of \$280,000 per annum, exclusive of superannuation;
- 2) A single \$25,000 payment; and
- 3) Subject to the ASX Listing Rules and as determined by the Company's Board, Mr Johnston is further entitled to participate in the Company's short-term incentive (STI) and long-term incentive (LTI) scheme.

Directors and Officers insurance and indemnity

During the financial year, as provided for under the Company's Constitution, the Company paid an insurance premium, insuring the Company's Directors and Officers against liabilities not prohibited from insurance by the *Companies Act 1993*.

BROKEN HILL PROSPECTING LIMITED

Directors' report (continued)

Remuneration Report (continued)

Details of remuneration

Details of the remuneration and benefits of the Directors and key management personnel for the current and prior financial year are set out in Note 9 of the financial statements.

The balances of the options held by the Directors and key management personnel issued as remuneration package, at year end were:

Director	Vested		Quoted	Expiry Date	Exercise Price	Number of options
FC O'Connor	Yes		Yes	12/11/2019	\$0.08	1,500,000
A Johnston	Yes		No	01/11/2022	\$0.06	2,400,000
	No	Vesting is subject to certain performance conditions	No	10/01/2023	\$0.08	3,000,000
	No	Vesting is subject to certain performance conditions	No	10/01/2023	\$0.10	2,000,000
						<u>7,400,000</u>
MG Hill	Yes		Yes	12/11/2019	\$0.08	1,500,000
	Yes		No	10/01/2023	\$0.06	500,000
						<u>2,000,000</u>
GG Hill	Yes		Yes	12/11/2019	\$0.08	1,500,000
D Geldard	Yes		Yes	12/11/2019	\$0.08	1,500,000
						<u>13,900,000</u>

Independent Auditor's Report to the Members of Broken Hill Prospecting Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Broken Hill Prospecting Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Report* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Broken Hill Prospecting Limited and its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Exploration and evaluation expenditure

Refer to note 6

At 30 June 2018, the Group has capitalised exploration assets of \$2.42m. The Group's accounting policy in respect of exploration and evaluation assets is outlined in Notes 1(h) and 1(i).

This is a key audit matter because the carrying value of the assets are material to the financial statement and significant judgements have been applied in determining whether an indicator of impairment exists in relation to capitalised expenditure assets in accordance with New-Zealand Accounting Standard NZ IFRS 6 *Exploration for and Evaluation of Mineral Resources*.

Our procedures included, amongst others:

- We confirmed the existence and tenure of the exploration assets in the Projects area in which the Group has a contracted interest by obtaining confirmation of title.
- In assessing whether an indicator of impairment exists in relation to the Group's exploration assets in accordance with NZ IFRS 6 – *Exploration for and Evaluation of Mineral Resources*, we:
 - reviewed the minutes of the Company's board meetings and market announcements.
 - tested the significant inputs in the Group's cash flow forecasts for consistency with the status of their ongoing exploration program per the areas of interest.
- Discussed with management the Group's ability and intention to undertake further exploration activities.
- We tested a sample of additions of capitalised exploration expenditure to supporting documentation.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Andrew Hoffmann.

The Nexia logo, featuring the word "Nexia" in a stylized, handwritten-style font.

Nexia Sydney Audit Pty Limited

Sydney, Australia

27 September 2018

BROKEN HILL PROSPECTING LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated 2018 A\$	2017 A\$ (restated)*
Continuing operations			
Revenue	3	160,028	1,034,946
Discontinued operations			
Share of profit of joint venture operations	26	-	16,477
Administrative and exploration expenses	4	(1,689,063)	(2,068,555)
Loss for the year before income tax		(1,529,035)	(1,017,132)
Income tax benefit	2	8,631	-
Loss for the year		(1,520,404)	(1,017,132)
Discontinued operations			
Profit from discontinued operation, net of tax	26	-	1,903,107
		(1,520,404)	885,975
Other comprehensive income		-	-
Total comprehensive (loss)/income attributable to members of the parent entity		(1,520,404)	885,975
(Losses) / Earnings per Share		Cents per share	Cents per share
Continued operations:			
Basic loss	18	(1.03)	(0.70)
Diluted loss	18	(1.03)	(0.70)
Discontinued operations:			
Basic earnings	18	-	1.31
Diluted earnings	18	-	1.31

The accompanying notes form part of these financial statements.

* Certain numbers shown here do not correspond to those in the 2017 financial statements and reflect adjustments made as detailed in Note 27.

BROKEN HILL PROSPECTING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Share capital	Option reserve	Consolidated Accumulated losses	Foreign currency translation	Total equity
	A\$ (Note 13)	A\$ (Note 14)	A\$ (Note 12)	A\$	A\$
2018					
Equity at beginning of year	8,185,359	48,000	(2,402,186)	(477)	5,830,696
Comprehensive (loss)	-	-	(1,520,404)	-	(1,520,404)
Options issued	-	168,136	-	-	168,136
Transfer to accumulated losses	-	-	(477)	477	-
Share issue	8,800	-	-	-	8,800
Share issuing costs	-	-	-	-	-
Movement in equity for the year	8,800	168,136	(1,520,881)	477	(1,343,468)
Equity at end of year	8,194,159	216,136	(3,923,067)	-	4,487,228
2017 (restated)*					
Equity at beginning of year	7,485,051	88,000	(3,328,161)	(477)	4,244,413
Comprehensive income as reported in 2017 financial statements	-	-	1,685,975	-	1,685,975
Adjustment on impairment of receivables	-	-	(800,000)	-	(800,000)
Options forfeited	-	(40,000)	40,000	-	-
Transfer to accumulated losses	-	-	-	-	-
Share issue	734,174	-	-	-	734,174
Share issuing costs	(33,866)	-	-	-	(33,866)
Movement in equity for the year	700,308	(40,000)	925,975	-	1,586,283
Equity at end of year	8,185,359	48,000	(2,402,186)	(477)	5,830,696

The accompanying notes form part of these financial statements.

* Certain numbers shown here do not correspond to those in the 2017 financial statements and reflect adjustments made as detailed in Note 27.

BROKEN HILL PROSPECTING LIMITED

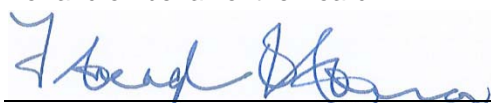
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	Consolidated 2018 A\$	2017 A\$ (restated)*
ASSETS			
Current assets			
Cash and cash equivalents		2,091,196	802,732
Receivables and prepayments	10	189,901	3,632,601
Total current assets		2,281,097	4,435,333
Non-current assets			
Property, plant & equipment	5	5,202	-
Exploration and evaluation assets	6	2,422,495	2,226,339
Security deposits	20	80,000	145,000
Total non-current assets		2,507,697	2,371,339
Total assets		4,788,794	6,806,672
LIABILITIES			
Current liabilities			
Trade and other payables	7	249,286	754,612
Provisions	22	32,280	15,177
Tax payable		-	186,187
Total current liabilities		281,566	955,976
Non-current liabilities			
Provisions	22	20,000	20,000
Total non-current liabilities		20,000	20,000
Total liabilities		301,566	975,976
Net assets		4,487,228	5,830,696
EQUITY			
Share capital	13	8,194,159	8,185,359
Options Reserve	14	216,136	48,000
Accumulated Losses	12	(3,923,067)	(2,402,186)
Foreign current translation reserve		-	(477)
Total equity		4,487,228	5,830,696

The accompanying notes form part of these financial statements.

* Certain numbers shown here do not correspond to those in the 2017 financial statements and reflect adjustments made as detailed in Note 27

For and on behalf of the Board



Creagh O'Connor AM
Chairman

27 September 2018



Matthew Hill
Director

27 September 2018

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated	
	Note	2018 A\$	2017 A\$
Cash flows from operating activities			
Interest received		29,001	18,462
Fees received		137,370	611,460
Research and development tax incentive		253,613	-
Income tax paid		(195,000)	-
Payments to suppliers and employees		(1,908,549)	(1,548,720)
Net cash (applied to)/provided from operating activities	15	<u>(1,683,565)</u>	<u>(918,798)</u>
Cash flows from investing activities			
Prospecting expenditure		(196,156)	(239,774)
Security deposits refunded/(paid)		65,000	(60,000)
Payment for plant, property & equipment		(5,615)	-
Proceeds on sale of interest in tenements		3,100,000	-
Cash disposed of on sale of joint venture interest		-	(35,679)
Net cash provided from/(applied to) investing activities		<u>2,963,229</u>	<u>(335,453)</u>
Cash flows from financing activities			
Issue of shares		8,800	857,124
Share issuing costs		-	(33,866)
Return of capital		-	(157,950)
Net cash provided from/(applied to) financing activities		<u>8,800</u>	<u>665,308</u>
Net increase/(decrease) in cash and cash equivalents held		1,288,464	(588,943)
Cash and cash equivalents at the beginning of the year		<u>802,732</u>	<u>1,391,675</u>
Cash and cash equivalents at the end of the year		<u>2,091,196</u>	<u>802,732</u>
Cash comprises:			
Cash at bank		<u>2,091,196</u>	<u>802,732</u>

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Statement of accounting policies

Reporting entity: Broken Hill Prospecting Limited (**BPL** or **Company**) is a profit-oriented company incorporated in New Zealand registered under the Companies Act 1993 and listed on the Australian Securities Exchange (ASX).

BPL is a FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The financial statements of Broken Hill Prospecting Limited have been prepared in accordance with the New Zealand Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The group consists of Broken Hill Prospecting Limited and its 100% owned subsidiaries (the "Group") as at 30 June 2018. A list of the subsidiaries is provided in Note 21. These financial statements comprise the separate financial statements of the Company and the consolidated financial statement of the Group. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation.

The Company and its subsidiaries are engaged in minerals exploration.

The Directors authorised these financial statements for issue on 27 September 2018.

New and amended standards and interpretations: The Group has applied for the first-time certain amendments to the standards, for its annual reporting period commencing 1 July 2017:

- Amendments to NZ IAS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to NZ IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

The adoption of these new standards and amendments did not have a material impact on the annual consolidated financial statements of the Group.

Statement of compliance: These financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP), the requirements of the Companies Act 1993 and comply with New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for for-profit oriented entities. These financial statements also comply with the New Zealand Financial Markets Conduct Act 2013.

Measurement base: The accounting principles adopted are those recognised as appropriate for the measurement and reporting of financial performance and financial position on the historical cost basis modified by the revaluation of certain assets. The accruals basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

Reporting currency: The functional and presentation currency is Australian dollars (A\$).

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements, refer to Note 27.

Significant accounting policies: The following accounting policies which materially affect the measurement of profit and financial position have been applied:

- (a) Current versus non-current classification: The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
 - Expected to be realised or intended to be sold or consumed in the normal operating cycle;
 - Held primarily for the purpose of trading;
 - Expected to be realised within twelve months after the reporting period; or
 - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

- (b) Fair value measurement: The Group measures financial instruments such as derivatives and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized using the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measure as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

- (c) Revenue recognition: Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

Interest revenue is recognised using the effective interest rate method.

- (d) Research and development tax incentive: incentive is recognised where there is reasonable assurance that the incentive will be received, and all attached conditions will be complied with. When the incentive relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the incentive relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.
- (e) Foreign currencies: The functional and presentation currency is Australian dollars. Monetary assets and liabilities in foreign currencies are translated into Australian currency at the closing rates of exchange.

Transactions in foreign currencies are converted into Australian currency at the rate of exchange ruling at the date of receipt or payment.

All exchange variations are included in the statement of comprehensive income.

- (f) **Income tax:** The income tax benefit (expense) for the year comprises current income tax benefit (expense) and deferred tax benefit (expense). Current income tax benefit (expense) credited (charged) to profit or loss is the tax receivable (payable) on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

The credit (charge) for current income tax benefit (expense) is based on the profit (loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted, or are substantially enacted, by the reporting date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

- (g) **Financial instruments:** Financial instruments recognised in the consolidated statement of financial position include cash at bank, receivables, payables and borrowings. Receivables and payables are initially recorded at fair value and subsequently amortised using the effective interest method. Borrowings are initially recorded at fair value net of transaction costs and subsequently at amortised cost using the effective interest method. Borrowing costs are recognized as an expense in the period incurred.

The Company has no off-balance sheet financial instruments.

A gain or a loss on a financial asset that is measured at amortised cost is recognised in the statement of comprehensive income through the amortization process, when the financial assets is derecognised, impaired or reclassified. Due allowance is made for impaired receivable (doubtful debts). The carrying amount for a receivable is not materially different from its estimated realisable value.

- (h) **Prospecting costs:** Acquisition, exploration and development expenditure on exploration and mining tenements is initially recorded at cost. Exploration and evaluation costs are capitalised as deferred expenditure.

In the event where exploration demonstrates a tenement is no longer prospective for economically recoverable reserves, or the exploration licence is relinquished, the value or cost of the tenement is immediately recognised as an expense in the statement of comprehensive income.

Prospecting costs are expected to be recovered from future mining revenues. The recoverability of the exploration and evaluation asset is contingent upon future events, such as technical success and commercial development, sale of the area of interest, the results of further exploration, agreements

entered into with other parties, and also upon meeting commitments under the terms of the tenement licences.

- (i) Mining tenements: When a tenement is assessed as capable of sustaining commercial mining operations, capitalised exploration and evaluation expenditure is reclassified as assets under construction and is disclosed as a component of property, plant and equipment. All subsequent development expenditure, net of any proceeds from ore sales during the development stage, is capitalised and classified as assets under construction. On completion of development, the value or cost of accumulated exploration and development costs will be reclassified as other mineral assets and amortised on the basis of units of production over the expected productive life of the mine.

Provision is made for estimated future rehabilitation and reinstatement costs following mining. These costs will be amortised over the life of the mine.

- (j) Impairment of non-financial assets: The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's (cash generating unit's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transaction can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

- (k) Cash and cash equivalent: cash and cash equivalent in the statement of financial position comprise cash at banks and on hand and at call deposits, which are subject to an insignificant risk of changes in value.
- (l) Discontinued operations: Discontinued operations are excluded from the results of continued operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.
- (m) Segment information: Operating segments are reported if:
- Revenue is 10% or more of combined operating segment revenues;
 - The absolute value of profit or loss is greater than 10% of the combined reported profits or losses of all operating segments, whichever is greater;
 - Assets are 10% or more of combined assets of all operating segments; or
 - Information about the segment would be useful to users of the financial statements.
- (n) Share capital: Ordinary shares and options are classified as equity. Direct costs of issuing shares and options are deducted from the proceeds of the issue.
- (o) Property, plant, and equipment: The **Group** has one class of property, plant and equipment - 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 and forming part of the Financial Statements
(continued)

- (p) **Cashflows:** For the purpose of the statement of cash flows, cash includes cash on hand and deposits held on term deposit or at call with banks.
- (q) **Goods and service tax:** All amounts are shown exclusive of Goods and Service Tax (GST), except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as part of the receivables or payables balance in the statement of financial position.

- (r) **Leases:** Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the lease items, are included in the determination of the net surplus in equal instalments over the period of the lease.
- (s) **(Losses) / Earnings per share:** The Company presents basic and diluted **(losses)** earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shareholders outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprises share options.

- (t) **Consolidation:** The consolidated financial statements incorporate the financial statements of the Company and all subsidiaries over which the Company has the power to control the financial reporting and operating policies. The purchase method is used to prepare the consolidated financial statements, which involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant intercompany transactions are eliminated on consolidation. In the Company's separate financial statements, the investment in subsidiaries is stated at cost less any impairment losses.
- (u) **Restoration and rehabilitation provisions:** **For any** close-down restoration and environmental clean-up costs from exploration programs, a provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.
- (v) **Provision for employee entitlements:** Provision is made in the accounts for obligations in respect of annual leave entitlements not taken by employees at balance sheet date.
- (w) **Share-based payments:** The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised in employee benefits expense, together with a corresponding increase in equity over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Use of estimates and judgements: The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant assumptions and estimates is provided in the relevant accounting policy or will be provided in the relevant Note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Changes in accounting policies: There have been no significant changes in accounting policies. All policies have been applied on bases consistent with those used in the prior period. The impact of new Standards is not expected to be material.

New and revised standards: New Standards and amendments not adopted early:

- **NZ IFRS 9 Financial Instruments**

In September 2014, the New Zealand Accounting Standards Board (NZASB) issued the final version of

NZ IFRS 9 *Financial Instruments* that replaces NZ IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of NZ IFRS 9. NZ IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. NZ IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date and will not restate comparative information. Overall, the Company expects no significant impact on its statement of financial position and equity.

- **NZ IFRS 15 Revenue from Contracts with Customers**

NZ IFRS 15 was issued in 2014, and amended in April 2016, and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under NZ IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under NZ IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company plans to adopt the new standard on the required effective date using full retrospective method. The Company is in the business of exploration and evaluation of minerals and currently only has income from interest on cash at bank. The Company does not expect this standard to impact the financial statements of the Company.

- **NZ IFRS 16 Leases**

NZ IFRS 16 replaces NZ IAS 17 *Leases*, NZ IFRIC 4 *Determining whether an Arrangement contains a Lease*, NZ SIC-15 *Operating Leases-Incentives* and NZ SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

NZ IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under NZ

IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company currently has no operating leases and accordingly this standard will have no effect on the financial statements.

BROKEN HILL PROSPECTING LIMITED
Notes to and forming part of the Financial Statements
(continued)

2. Taxation

	Note	Consolidated 2018 A\$	2017 A\$ (restated)*
Loss for the year before income tax from continuing operations		(1,529,035)	(1,017,132)
Profit for the year before income tax from discontinued operations	26	-	2,089,294
(Loss) / profit for the year before income tax		(1,529,035)	1,072,162
Prima facie income tax benefit / (expense) at 27.5% (2017: 27.5%)		420,485	(294,844)
Subtract effect of permanent differences		(23,044)	(134,299)
Prior year tax losses recouped		-	433,257
		397,441	4,114
Temporary differences		53,943	(190,301)
Income tax benefit / (expense)		451,384	(186,187)
Prior year tax over-provided		8,631	-
Income tax benefit not recognised		(451,384)	-
Income tax benefit / (expense) recognised		8,631	(186,187)

Deferred tax and income tax benefits are not recognised unless future taxable income is probable.

The Company has established that the business operations and the central management and control are currently in Australia. It follows that in accordance with the double tax agreement between Australia and New Zealand, the Company is treated as a resident of Australia.

Losses accrued in Australia will be available to offset future taxable income only if:

- (a) The Company derives future assessable income of a nature and amount sufficient to offset the losses;
- (b) The Company continues to comply with the conditions for deductibility imposed by the Law; and
- (c) There are no changes in the legislation that would adversely affect the deductibility of the losses.

From 1 July 2014, the Company is part of a consolidated tax group. Carried forward losses of the consolidated entity are A\$4,055,825 (2017: A\$2,414,430) calculated before research & development adjustments.

The Company had an imputation credit account balance of A\$76,095 after paying income tax of A\$177,556 during the year (2017 – A\$ nil).

* Certain numbers shown here do not correspond to those in the 2017 financial statements and reflect adjustments made as detailed in Note 27.

3. Revenue

	Consolidated 2018 A\$	2017 A\$
Interest received	29,001	18,462
Management fees	53,460	657,871
Research and development tax incentive	77,567	253,613
Other income		
- provision for restoration expenses written -back	-	105,000
Total revenue	160,028	1,034,946

BROKEN HILL PROSPECTING LIMITED
Notes to and forming part of the Financial Statements
(continued)

4. Administrative and exploration expenses

	Consolidated	
	2018	2017
	A\$	A\$
Auditors' remuneration – auditing the accounts	(60,948)	(31,823)
Management fees	-	(73,960)
Accounting, company secretarial, legal	(277,396)	(1,089,224)
Consulting fees	(411,024)	(217,793)
Directors' fees	(113,300)	(87,500)
Depreciation	(413)	-
Impairment loss on tenements	-	(21,601)
Salaries and related expenses	(526,531)	(298,598)
Travelling expenses	(88,717)	(70,341)
Marketing and promotion	(72,846)	(36,536)
Other administrative and exploration expenses	(137,888)	(141,179)
	<u>(1,689,063)</u>	<u>(2,068,555)</u>
Total administrative and exploration expenses		

The total amount of donations made by the Company and the Group during the year ended 30 June 2018 was A\$ nil (2017 - A\$ nil).

5. Property plant & equipment

	Consolidated	
	2018	2017
	A\$	A\$
Office equipment		
Opening balance	-	-
Additions	5,615	-
Depreciation	(413)	-
	<u>5,202</u>	<u>-</u>
Total office equipment		
	<u>5,202</u>	<u>-</u>
Total property plant & equipment		
	<u>5,202</u>	<u>-</u>

6. Exploration and evaluation assets

Prospecting costs and mining tenements		
Balance at the beginning of the year	2,226,339	2,864,932
Exploration and evaluation expenses	196,156	239,774
Exploration costs impaired	-	(21,601)
Less: Interest disposed	-	(856,766)
	<u>2,422,495</u>	<u>2,226,339</u>
Balance at year end		

Prospecting expenditure including exploration and evaluation expenditure is recorded as a non-current asset and carried at historic cost less any adjustment for impairment.

The ultimate recovery of the carrying amount in the exploration and evaluation expenditure is dependent on the establishment of economic operations or the realisation of the Group's economic interest in the relevant mining tenements.

In accordance with NZ IFRS 6, management has verified that there are no facts and circumstances that may suggest that the carrying value of the exploration and evaluation asset may exceed its recoverable amount.

BROKEN HILL PROSPECTING LIMITED
Notes to and forming part of the Financial Statements
(continued)

7. Trade and other payables

	Consolidated	
	2018	2017
	A\$	A\$
Current		
Trade payables	106,318	338,643
Other payables and accrued expenses	142,968	381,469
Due to director related entity	-	34,500
	<u>249,286</u>	<u>754,612</u>

8. Related parties

Details of key management personnel for the year are:

Name	Position
FC O'Connor	Non-executive director
A Johnston	Managing Director
D Geldard	Non-executive director
MG Hill	Non-executive director
GG Hill	Non-executive director

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Amounts paid to directors related entities for consulting and other services were both for the Company and for the Group A\$72,800 (2017: A\$14,000) as below:

Entity relating to	2018	2017
	A\$	A\$
D Geldard	22,800	14,000
M G Hill	50,000	-
	<u>72,800</u>	<u>14,000</u>

In the prior year ended June 2017, the Company incorporated a public entity, Cobalt Blue Holdings Limited ("COB") during August 2016 and spun-off COB through its listing on the ASX with shareholders of the Company receiving an in-specie distribution of COB's shares.

COB shares received by Directors of the Company were:

Director	No. of shares	No. of options
FC O'Connor	-	-
MG Hill	1,184	296
D Geldard	-	-
GG Hill	11,494,308	2,873,578
AJ Johnston	418,471	807,742

No amounts were due to directors related entities as at balance date (2017: A\$34,500)

No related party debts were written off during the year.

BROKEN HILL PROSPECTING LIMITED
Notes to and forming part of the Financial Statements
(continued)

9. Key management personnel

	Fixed Fees A\$	Superannuation A\$	Consolidated Share Based Payment A\$	Consulting & Management Fees A\$	Total A\$
2018					
<u>Directors' fees</u>					
FC O'Connor	25,000	-	-	-	25,000
D Geldard	20,000	-	-	22,800	42,800
GG Hill	20,000	-	-	-	20,000
MG Hill	22,500	-	25,800	50,000	98,300
	87,500	-	25,800	72,800	186,100
<u>Salary</u>					
A Johnston (MD & CEO)	343,357	23,736	142,336	-	509,429
	430,857	23,736	168,136	72,800	695,529
2017					
<u>Directors' fees</u>					
FC O'Connor	25,000	-	-	-	25,000
D Geldard	20,000	-	-	14,000	34,000
GG Hill	20,000	-	-	-	20,000
MG Hill	22,500	-	-	-	22,500
	87,500	-	-	14,000	101,500
<u>Salary</u>					
A Johnston (CEO)	250,000	21,689	35,000	-	306,689
	337,500	21,689	35,000	14,000	408,189

Remuneration of employees: The number of employees, who are not Directors and whose remuneration and benefits exceeded A\$100,000 during the financial year, was one (2017: 1).

10. Trade & other receivables and prepayments

	Consolidated 2018 A\$	2017 A\$ (restated)*
Trade receivables	472	50,243
GST refundable	47,028	116,921
Other receivables:		
- sale of interest in mining tenements	-	750,000
- sale of interest in joint venture	-	2,350,000
- R & D tax offset	77,567	253,613
- security deposits refund receivable	-	40,000
- miscellaneous receivables	4,649	32,473
- income tax refund receivable	17,443	-
Prepayments	42,742	39,351
	189,901	3,632,601

All financial assets are within the contracted terms.

* Certain numbers shown here do not correspond to those in the 2017 financial statements and reflect adjustments made as detailed in Note 27.

11. Share-based payments

At the Company's annual general meeting held on 21 December 2017, the Company's shareholders passed resolutions to grant:

1. Mr **Matthew** Hill 500,000 unquoted options, each with an exercise price of A\$0.06 **expiring** 10 January 2023,
2. Mr. **Trangie** Johnston, subject to certain vesting conditions:
 - 3.0 million unquoted options, each with an exercise price of A\$0.08 expiring 10 January 2023
 - 2.0 million unquoted options, each with an exercise price of A\$0.10 expiring 10 January 2023.

These options were issued 10 January 2018.

On 2 November 2017, 2,400,000 options each with an exercise price of A\$0.06 were granted to the then Chief Executive Officer, Mr A Johnston, in accordance with his entitlement to equity remuneration for the year ended 30 June 2017. These options have a five-year exercise period.

On 21 November 2016, 500,000 shares at 7 cents per share were issued to the Chief Executive Officer, Mr A Johnston as a sign on bonus pursuant to engagement agreement.

A summary of the movements of all Company options issued as equity-settled share-based payments and related weighted average exercise price (WAEP) is as follows:

	Consolidated			
	Number of options 2018	WAEP A\$ 2018	Number of options 2017	WAEP A\$ 2017
Options outstanding as at 1 st July	6,000,000	0.08	11,000,000	0.20
Granted	7,900,000	0.08	-	0.08
Forfeited	-	0.08	(5,000,000)	0.08
Exercised	-	-	-	-
Expired	-	-	-	-
Options outstanding as at 30 June	13,900,000	0.08	6,000,000	0.08

Of these outstanding options, 8,900,000 options are vested and exercisable. Vesting of the remaining 5,000,000 options is subject to performance conditions.

The weighted average contractual life of options outstanding at year-end was 3.1 years (2017: 2.4 years). Share based payments that were included in the statement of comprehensive income was \$168,136 (2017: \$35,000).

Upon the expiry of options, the balance of the share-based payments reserve relating to those options is transferred to retained earnings / (accumulated losses).

12. Accumulated Losses

	Consolidated 2018 A\$	2017 A\$
		(restated)*
Balance at the beginning of the year	(2,402,186)	(3,328,161)
Transfer from option reserve (on expiry of options)	-	40,000
Transfer from foreign currency translation reserve	(477)	-
(Loss)/profit for the year	(1,520,404)	885,975
Balance at the end of the year	(3,923,067)	(2,402,186)

* Certain numbers shown here do not correspond to those in the 2017 financial statements and reflect adjustments made as detailed in Note 27.

BROKEN HILL PROSPECTING LIMITED
Notes to and forming part of the Financial Statements
(continued)

13. Issued share capital

	Consolidated 2018 A\$	2017 A\$
147,883,401 Ordinary shares – (2017: 147,773,401)	8,194,159	8,185,359
Movement in share capital	No. of shares	A\$
Share capital at 30 June 2016	136,674,521	7,485,051
Movements during the year ended 30 June 2017:		
19 August 2016 share purchase plan	9,210,907	746,086
21 November 2016 exercise of options	1,387,973	111,038
21 November 2016 share based payment	500,000	35,000
Return of capital – COB in-specie distribution	-	(157,950)
Share issue costs	-	(33,866)
Share capital at 30 June 2017	147,773,401	8,185,359
Movements during the year ended 30 June 2018:		
07 June 2018 exercise of options	110,000	8,800
Share capital at 30 June 2018	147,883,401	8,194,159

14. Options reserve

	Consolidated 2018 A\$	2017 A\$
	216,136	48,000
Movement in options	No of options	A\$
Options at 30 June 2016	53,077,361	88,000
Movements during the year ended 30 June 2017:		
22 Nov 2016 options cancelled	(5,000,000)	(40,000)
22 Nov 2016 options exercised	(1,387,973)	-
Options at 30 June 2017	46,689,388	48,000
Movements during the year ending 30 June 2018:		
02 Nov 2017 options issued	2,400,000	68,880
10 Jan 2018 options issued	5,500,000	99,256
07 Jun 2018 options exercised	(110,000)	-
Options at 30 June 2018	54,479,388	216,136

Details of outstanding options at 30 June 2018 are:

Expiry Date	Exercise Price	No. of options
12 November 2019	\$0.08	46,579,388
01 November 2022	\$0.06	2,400,000
10 January 2023	\$0.06	500,000
10 January 2023	\$0.08	3,000,000
10 January 2023	\$0.10	2,000,000
		54,479,388

Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Capital Management

Management controls the capital of the Company in order to provide capital growth to shareholders and ensure the Company can fund its operations and continue as a going concern. The Company's capital includes ordinary share capital, reserves and accumulated losses as disclosed in the Statement of Financial Position. There are no externally imposed capital requirements. Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

15. Reconciliation of operating cash flow & net income

	Consolidated	
	2018 A\$	2017 A\$ (restated)*
Net (loss) / income	(1,520,404)	885,975
Add non-cash items:		
Depreciation	413	-
Profit on disposal of interest in tenements net of tax	-	(1,903,107)
Impairment of tenements	-	21,601
Share of joint venture profit	-	(16,477)
Share based payments	168,136	35,000
Provision for restoration written back	-	(105,000)
Add (less) movement in working capital:		
(Decrease)/increase in payables and accruals	(505,326)	588,923
Decrease in tax payable	(186,187)	-
Decrease (increase) in trade receivables	49,771	(44,619)
Decrease (increase) in other receivables	226,428	(296,399)
Increase in prepayments	(3,391)	(23,347)
Decrease (increase) in GST receivable	69,893	(74,946)
Increase in provisions	17,102	13,598
Net cash flows applied to operating activities	(1,683,565)	(918,798)

* Certain numbers shown here do not correspond to those in the 2017 financial statements and reflect adjustments made as detailed in Note 27.

16. Financial instruments

Credit Risk: Financial instruments which potentially subject the Group to credit risk principally consist of bank balances and receivables. Maximum exposure to credit risk at balance date is represented by the carrying value of the financial instruments. No collateral is held on these assets and none are considered overdue or impaired. All bank deposits were held with an authorised bank in Australia with at least an A credit rating and represented 100% of cash.

Currency Risk: The Group has no direct exposure to foreign currency exchange risk as transactions from normal trading activities are mainly denominated in Australian currencies. The Group only holds funds in Australian currency bank accounts.

Liquidity Risk: Management supervises liquidity by budgeting and by carefully monitoring cash inflows from receivables and controlling cash outflows on payables from existing cash resources. The Group relies on new equity to fund exploration expenditure.

Interest Rate Risk: The Group has little exposure to interest rate movements given the size of the cash balances. There is no bank borrowing.

Over the long term, changes in interest rates and increased amounts on deposit will affect profit or loss.

BROKEN HILL PROSPECTING LIMITED
Notes to and forming part of the Financial Statements
(continued)

Fair Values: Estimated fair values of financial instruments are considered to be the same as carrying values.

17. Segment information

The Group operates mainly in Australia with the head office located in Sydney, New South Wales.

The Group has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources.

Currently, management identifies the Group as having only one business segment, being mineral exploration within Australia.

18. (Losses) / Earnings per Share

	Consolidated	
	2018	2017
	A\$	A\$
		(restated)*
(Loss) from continued operations	(1,520,404)	(1,017,132)
Profit from discontinued operations	-	1,903,107
Weighted average number of shares on issue	147,780,332	145,766,789
Basic (loss) per share from continued operations	(1.03) cents	(0.70) cents
Basic earnings per share from discontinued operations	-	1.31 cents
Diluted average shares on issue	147,780,332	145,766,789
Diluted (loss) per share from continued operations	(1.03) cents	(0.70) cents
Diluted earnings per share from discontinued operations	-	1.31 cents

(Losses) / Earnings per share is based on the average weighted number of ordinary shares on issue during the year and on the operating deficit after tax attributable to shareholders. Movement in the number of shares on issue is shown in Note 13.

* Certain numbers shown here do not correspond to those in the 2017 financial statements and reflect adjustments made as detailed in Note 27.

19. Commitments

Expenditure requirements for tenements

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

	Consolidated	
	2018	2017
	A\$	A\$
Not later than 1 year	562,636	158,238
Later than 1 year but not later than 5 years	1,029,068	10,582
Later than 5 years	-	-
	<u>1,591,704</u>	<u>168,820</u>

20. Security deposits

Security deposits for tenements	<u>80,000</u>	<u>145,000</u>
---------------------------------	----------------------	-----------------------

BROKEN HILL PROSPECTING LIMITED
Notes to and forming part of the Financial Statements
(continued)

21. Interests in subsidiaries

Name of Entity	Equity Held		Country of Incorporation	Activity
	2018	2017		
Broken Hill Uranium Pty Ltd	100%	100%	Australia	Inactive
Broken Hill Chemical Pty Ltd	100%	100%	Australia	Mineral Exploration
Broken Hill Minerals Pty Ltd	100%	100%	Australia	Mineral Exploration
Murray Basin Minerals Pty Ltd	100%	100%	Australia	Mineral Exploration

All subsidiaries are direct subsidiaries of the company and all have the same balance date. The investment in each subsidiary is recorded at cost in the company's statement of financial position.

22. Provisions

	Consolidated	
	2018	2017
	A\$	A\$
<u>Current liabilities</u>		
Provision employee entitlements	<u>32,280</u>	<u>15,177</u>
<u>Non-current liabilities</u>		
Provision for land rehabilitation	<u>20,000</u>	<u>20,000</u>

23. Contingencies

The Company did not have any contingencies at the balance date 30 June 2018 (2017: A\$ nil)

24. Going Concern

The financial report has been prepared on a going concern basis.

The Company had a net loss of \$1,520,404 and had operating cash outflows of \$1,683,565 for the year ended 30 June 2018. As at 30 June 2018 the Company has cash and cash equivalents of \$2,091,196, net current assets of \$1,999,531 and net assets of \$4,487,228.

Management believes that current cash levels are sufficient to fund ongoing administration and budgeted exploration. In the event additional exploration activities are undertaken, there may be a requirement to raise capital. Should that happen, the ability of the Company to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Company to raise additional capital in the form of equity;
- the continued support of current shareholders; and
- the ability to successfully develop and extract value from its projects that are under development.

Directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To-date the Company has funded its activities through issuance of equity securities and it is expected that the Company will be able to fund its future activities through further issuances of equity securities; and
- **Directors** believe there is sufficient cash available for the Company to continue operating until it can raise sufficient further capital to fund its ongoing activities within the forecast period.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

BROKEN HILL PROSPECTING LIMITED
Notes to and forming part of the Financial Statements
(continued)

25. Judgement and estimation uncertainty

The preparation of financial statements of necessity involves judgement and estimation. The effect of judgement is greatest in the assessment of impairment to capitalised exploration expenditure. Directors have reviewed facts and circumstances surrounding the capitalised exploration expenditure and have concluded that these assets are not impaired.

26. Discontinued operations

The Company did not have any discontinued operations in 2018, however, during the financial year to 30 June 2017, the Company incorporated a controlled entity, Cobalt Blue Holdings Limited ("COB") in August 2016 and spun off COB through an in-specie distribution to shareholders in February 2017.

COB's unaudited operating result prior to its spin off was:

	A\$
Revenue	1,583
Administrative expenses	(392,097)
Loss from operating activities	<u>(390,514)</u>

The Company's share of loss incurred by COB was eliminated on deconsolidation when COB left the Group.

COB's unaudited statement of financial position prior to its spin off was:

	A\$
Current assets	10,363,180
Non-current assets	13,087
Total assets	<u>10,376,267</u>
Current liabilities	(257,576)
Net assets	<u>10,118,691</u>
Represented by:	
Share capital	10,439,205
Reserves	70,000
Retained earnings	(390,514)
Total equity	<u>10,118,691</u>

The Company also disposed of its 60% interest in a joint venture operation through two stages:

	Note	A\$
Profit on the disposal of 10% interest in joint venture on 1 July 2016		125,209
Profit on the disposal of 50% interest in joint venture on 26 June 2017		1,459,570
Total profit recognised on the disposal of 60% interest in joint venture		1,584,779
Profit on disposal of mining tenements		504,515
Total profit		2,089,294
Income tax	2	(186,187)
Profit from discontinued operations, net of tax		<u>1,903,107</u>

The Company's 50% Share of operating result of the joint venture operation up to the point of disposal in June 2017 was:

	A\$
Revenue:	
Interest received	3,518
Management fee received	36,980
Administrative expenses	(24,021)
Profit from operating activities	<u>16,477</u>

BROKEN HILL PROSPECTING LIMITED
Notes to and forming part of the Financial Statements
(continued)

The Company's 50% Share of assets and liabilities of joint venture operation at the point of disposal were:

	A\$
Current assets	243,096
Non-current assets	691,956
Total assets	935,052
Current liabilities	(44,622)
Interest in joint venture	890,430

27. Prior period adjustment

The Company entered into an agreement for the sale of joint venture tenements on 26 June 2017. Per the agreement the purchaser Relentless Resources Limited (RRL) retained \$800,000 towards expenditure on a feasibility study for joint venture tenements. The amount receivable from RRL was the net value of \$3,100,000 (gross receivable of \$3,900,000 less the amount retained for expenditure on the tenements being \$800,000). The Company incorrectly recorded the gross receivable of \$3,900,000 instead of \$3,100,000. This is corrected in the year ended 30 June 2018.

The aggregate effect of the correction of the prior period adjustment on the financial statements for the year ended 30 June 2018:

	30 June 2017		
	Previously stated	Adjustment	Restated
	A\$	A\$	A\$
Statement of Financial Position:			
Accumulated losses	(1,602,186)	(800,000)	(2,402,186)
Receivables and prepayments	4,432,601	(800,000)	3,632,601
Net Assets	6,630,696	(800,000)	5,830,696
Statement of Comprehensive Income:			
Profit from discontinued operations	(2,703,107)	800,000	(1,903,107)

28. Parent entity information

The parent entity within the Group is Broken Hill Prospecting Limited. The ultimate parent entity in Australia is Broken Hill Prospecting Limited.

	2018 A\$	2017 A\$
Current assets	2,335,665	2,588,153
Non-current assets	2,141,094	2,171,343
Total assets	4,476,759	4,759,496
Current liabilities	1,564,770	534,741
Non-current liabilities	20,000	20,000
Total liabilities	1,584,770	554,741
Net assets	2,891,989	4,204,755
Equity		
Share capital	8,194,159	8,185,359
Options Reserve	216,136	48,000
Accumulated Losses	(5,518,306)	(4,028,127)
Foreign currency translation reserve	-	(477)
Total equity	2,891,989	4,204,755
Loss for the year	(1,489,702)	(110,819)
Other comprehensive income	-	-
Total loss for the year	(1,489,702)	(110,819)

BROKEN HILL PROSPECTING LIMITED
Notes to and forming part of the Financial Statements
(continued)

(a) Guarantees entered into by the parent entity

The parent entity has not provided any financial guarantees as at 30 June 2018 (2017: \$Nil)

(b) Contractual commitments for acquisition of property, plant and equipment

As at 30 June 2018, the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

29. Auditor's Remuneration

	Consolidated	
	2018	2017
	A\$	A\$
Audit of the Group		
KS Black		
- Audit and review of financial reports paid	8,826	20,823
- Audit fees accrued	-	11,000
	8,826	31,823
Nexia Sydney Audit Pty Ltd		
- Audit and review of financial reports paid	15,000	-
- Additional work on reviewing opening balances paid	15,122	-
- Audit fees accrued	22,000	-
	52,122	-
	60,948	31,823
Non-Audit services		
KS Black	-	-
Nexia Sydney Audit Pty Ltd	-	-

30. Matters subsequent to the end of the financial year

On 4 July 2018, the Company received from Cobalt Blue Holdings Ltd ('COB') as Manager of the Thackaringa Joint Venture ('TJV') ('TJVM') the Thackaringa Cobalt Project Pre-Feasibility Study ('PFS'). The PFS recommends advancement to a Bankable Feasibility Study ('BFS').

The Company is working with its partner COB on the BFS strategy, delivery of which, will be measured against the TJV contractual obligations. The PFS places a significant value on the Company's 2% Net Smelter Royalty ("NSR") on cobalt produced at Thackaringa, anticipated to deliver approximately A\$43 million to A\$48 million revenue over the life of mine. The Company is currently evaluating the basis of the PFS royalty and its market value.

The Company has assessed the technical and financial milestones under the TJV Stage 2 and confirms that COB has now earned a 70% beneficial interest in the TJV. The Company holds the balance of 30% beneficial interest and 100% of the legal title.

Apart from this, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in years subsequent to 30 June 2018.

DIRECTORS' STATEMENT

The Directors of the Company declare that:

1. The financial statements and notes, as set out in the financial statements to 30 June 2018:
 - (a) Comply with New Zealand International Financial Reporting Standards (IFRS); and
 - (b) Give a true and fair view of the Group's financial position as at 30 June 2018 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 AM

Chairman

27 September 2018



Matthew Hill

Director

27 September 2018

ADDITIONAL INFORMATION**Directors' Information**

The following general disclosures of interests were received in relation to the year ended 30 June 2018:

Director	Relevant Interest in Ordinary Shares	Relevant Interest in Listed Options	Relevant Interest in Unquoted Options
FC O'Connor	Nil	1,500,000	-
A Johnston	2,395,185	-	7,400,000
MG Hill	5,000	1,500,000	500,000
GG Hill	48,530,114	3,957,264	-
D Geldard	518,475	1,500,000	-

Directors' Disclosure of Interests

The following general disclosures of interests were received in relation to the year ended 30 June 2018:

Director	Disclosure	Nature
A Johnston	Change of Director's Interest	Granting of unquoted options
MG Hill	Change of Director's Interest	Granting of unquoted options
D Geldard	Change of Director's Interest	Share purchase

Shareholders' Information as at 31 August 2018**Substantial Shareholder**

Name	No. of Ordinary shares	% of Total Ordinary Shares
Hill Family Group Pty Ltd	34,371,000	23.26%

Distribution of Equity Securities

SIZE OF HOLDING	Ordinary shares		Options exercisable @ 8c expiring 12/11/2019 (Quoted)	
	Number of Holders	Number of Shares	Number of Holders	Number of Quoted Options
1 – 1000	80	4,925	3	777
1,001 - 5,000	82	330,688	37	116,914
5,001 – 10,000	221	2,013,998	16	140,500
10,001 to 100,000	534	20,854,245	72	2,909,133
100,001 and over	167	124,679,545	52	43,412,064
Totals	1,084	147,883,401	180	46,579,388

There were 201 holders of less than a marketable parcel of ordinary shares (6.9 cents each share). There were 58 holders of less than a marketable parcel of options (4.4 cents each option).

Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hand.

BROKEN HILL PROSPECTING LIMITED

Additional information (continued)

20 Largest Shareholders

Rank	Name	No. of Ordinary Shares	% of Total Ordinary Shares
1	HILL FAMILY GROUP PTY LTD	34,391,000	23.26%
2	JAMPLAT PTY LTD	4,450,000	3.01%
3	HONG KONG FAR EAST CAPITAL LIMITED	3,880,000	2.62%
4	IPS NOMINEES LIMITED	3,722,100	2.52%
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,334,284	2.25%
6	NIMADE PTY LIMITED <BARD SUPER FUND A/C>	3,330,000	2.25%
7	GREGORACH PTY LTD	2,830,877	1.91%
8	MR ANTHONY JAMES JOHNSTON	2,395,185	1.62%
9	ELLIE BARIKHAN <BALLOTTA A/C>	2,188,536	1.48%
10	R E G INVESTMENTS PTY LTD	2,085,925	1.41%
11	SOON ENTERPRISES PTY LTD <LOH FAMILY SUPER FUND A/C>	1,903,137	1.29%
12	DOVIDO PTY LTD	1,811,084	1.22%
13	GREGORACH PTY LTD <GRIGOR SUPERFUND A/C>	1,746,785	1.18%
14	JOHN WARDMAN & ASSOCIATES PTY LTD <THE WARDMAN SUPER FUND A/C>	1,600,000	1.08%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	1,562,500	1.06%
16	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,500,000	1.01%
17	MR IANAKI SEMERDZIEV	1,486,627	1.01%
18	MR ANTON WASYL MAKARYN & MRS MELANIE FRANCES MAKARYN <TMAK SUPER A/C>	1,397,000	0.94%
19	CITICORP NOMINEES PTY LIMITED	1,288,672	0.87%
20	SOON ENTERPRISES PTY LTD <LOH FAMILY A/C>	1,285,032	0.87%
		78,188,744	52.86%

20 Largest Optionholders

Rank	Name	No. of Quoted Options	% of Total Quoted Options
1.	SMARTEQUITY EIS PTY LTD	6,000,000	12.88%
2.	GREGORACH PTY LTD	4,273,415	9.17%
3.	ZACOB PTY LTD <R&L BIANCARDI SUPER FUND A/C>	3,983,750	8.55%
4.	HONG KONG FAR EAST CAPITAL LIMITED	3,880,000	8.33%
5.	AUSTRALIAN MINERAL INVESTMENTS PTY LIMITED <BALLOTTA A/C>	3,280,000	7.04%
6.	ELLIE BARIKHAN <BALLOTTA A/C>	2,450,000	5.26%
7.	JOHN WARDMAN & ASSOCIATES PTY LTD <THE WARDMAN SUPER FUND A/C>	2,138,750	4.59%
8.	IPS NOMINEES LIMITED	1,282,100	2.75%
9.	INTERNATIONAL PACIFIC CAPITAL LIMITED	1,175,164	2.52%
10.	M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	1,087,000	2.33%
11.	LOBSTER BEACH PTY LTD	1,000,000	2.15%
12.	MR JONATHAN GWYNNE MEYER	1,000,000	2.15%
13.	MCGEE CONSTRUCTIONS PTY LTD <MCGORMAN SUPER FUND A/C>	995,000	2.14%
14.	MR GRAHAM DENNIS CARTER + MRS YVONNE MARIA CARTER <CARTEGRA SUPER FUND A/C>	922,674	1.98%
15.	AQUASTIR PTY LTD <THE PMW FAMILY A/C>	856,666	1.84%
16.	MR CHEE CHIN	692,751	1.49%
17.	SOON ENTERPRISES PTY LTD <LOH FAMILY A/C>	625,000	1.34%
18.	MR CHRISTOPHER GEOFFREY LANCASTER	477,566	1.03%
19.	BANGALOW INVESTMENTS PTY LTD	400,000	0.86%
19	SOON ENTERPRISES PTY LTD <LOH FAMILY SUPER FUND A/C>	400,000	0.86%
19.	THREE BRIDGE CAPITAL PTY LTD	400,000	0.86%
		37,319,836	80.12%

Additional ASX Disclosure Requirements

Additional ASX Disclosure Requirements

1. The Company is incorporated in New Zealand.
2. The Company is listed on the Australian Securities Exchange (ASX tickers BPL and BPLO).
3. There is no current on market buy back.
4. The Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act (Australia) dealing with the acquisition of shares (i.e. substantial holdings and takeovers).
5. Limitations on the acquisition of securities imposed by the jurisdiction in which it is incorporated or registered: The New Zealand Takeovers Code creates a general rule under which the acquisition of 20% or more of the voting rights of the Company can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances) or compulsory acquisition if a shareholder holds 90% or more of the shares of the Company.
6. The Corporate Governance Statement is listed in our website at www.bhpl.net.au