

Broken Hill

PROSPECTING



BROKEN HILL PROSPECTING LIMITED

(Incorporated in New Zealand)

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

NZ Financial Services Provider Number: FSP32949

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ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

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Corporate Directory

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Denis Geldard
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INTERESTS IN MINING TENEMENTS AS AT 30 JUNE 2015

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%
Nanya North	Exploration Licence-EL8308	Broken Hill NSW Australia	100%
Springwood	Exploration Licence-EL8309	Broken Hill NSW Australia	100%
Milkengay	Exploration Licence-EL8310	Broken Hill NSW Australia	100%
Woolcunda	Exploration Licence-EL8311	Broken Hill NSW Australia	80%
Copi	Exploration Licence-EL8312	Broken Hill NSW Australia	80%
Pyrite Hill	Mining Lease-ML86	Broken Hill NSW Australia	100%
Big Hill	Mining Lease-ML87	Broken Hill NSW Australia	100%

Notes:

Exploration Licences EL8311-EL8312 are subject to a joint venture and farm in agreement with Relentless Resources Limited (RRL).

Chairman's Letter

Dear Shareholders,

For a new entrant to the heavy mineral sands (HMS) business, Broken Hill Prospecting Ltd has made extraordinary progress over the last twelve months. In mid-2014, your Company recognised substantial zirconium and titanium deposits within areas that were prospected for several decades by mineral sand miners before they were recently relinquished. Broken Hill Prospecting's geology team applied for, and was granted, the most prospective of these areas at almost no cost to your Company. Five new exploration licences were granted, and your Company swiftly entered into a joint venture with a private investment group which is funding the early assessment of several substantial HMS deposits.

During the year, the BPL team has undertaken extensive shallow drill testing at the two HMS deposits within the joint venture (Copi North and Magic). Results have been close to spectacular with many excellent, high-grade drill intersections and a maiden resource announcement for Copi North in late July, 2015.

At the Copi North HMS Deposit, a maiden Resource of 11.6 million tonnes of 6.9% heavy minerals was estimated by independent resource consultants using BPL's drill hole data and information collected from records of previous company work. BPL's new drill results were hardly short of spectacular. The high average grade of the deposit is around twice the head-grade of nearby operating mines and the mineral make-up of the mineral sands includes a relatively high proportion of the valuable zircon (11.3%) and rutile (10.8%). Furthermore, development and operating costs of any future mine will likely be low because of the relatively coarse nature of the mineral-bearing sands, the limited thickness of overlying sediment, suitable regional infrastructure and the limited agricultural activity in the project areas.

In September 2015, BPL completed its second maiden Resource estimate (Magic HMS Deposit) which added another 15 million tonnes of 3.7% heavy minerals to the project inventory. Like Copi North, the Magic deposit contains a substantial proportion of high-value zircon (14%) compared with many other HMS deposits and the mineralisation is at shallow depths (average 12 metres) under friable sand, silt and clay.

I am sure many Shareholders will be asking why BPL has become involved in these projects as they are very different to the Company's other assets near Broken Hill where cobalt and sulphuric acid has been the major focus of BPL's attention for several years. While we remain very enthusiastic about the future of the Thackaringa cobalt-pyrite project, we recognise that it will take a relatively long time frame and high capital cost to progress the project through to development. This is because of the unique type of mineralisation and likely very large and complex nature of future processing activities.

For these reasons your company has elected to persevere with advancing the HMS deposits which have excellent potential for mine development with low capital cost and within relatively short time. Future revenue from HMS production can then be used as working capital to progress the considerable potential of the 'world class' Thackaringa cobalt-sulphuric acid project. In the meantime, BPL will continue to seek well-funded and technically capable partners to assist with metallurgical and feasibility studies.

Recently, BPL has received interest from several parties seeking joint venture or off-take agreements for cobalt or sulphuric acid, but we have yet to progress these discussions into acceptable

terms for your Company. This interest is fuelled by a growth in emerging lithium-cobalt ion battery technologies and future production concerns for mines in the DR Congo, a country with more than 60% of the world's annual cobalt production. The Thackaringa cobalt-pyrite deposit is considered one of the world's largest undeveloped cobalt projects without other metals such as copper or nickel. It is well located and offers security for long-term cobalt and sulphuric acid production. During the next year BPL will continue to look closely at securing a partner to help develop a chemical business based on processing cobalt-pyrite concentrate.

The Company has commenced pre-feasibility studies on the Copi North HMS deposit and these are expected to be finalised in late 2015 with a follow-on feasibility study in 2016. A modest mining rate of 1.4 million tonnes per annum and production of about 100,000tpa of heavy mineral is not an inconceivable target for these studies and depending on costs and mineral prices, a development of this scale could produce considerable future income for the Company.

On behalf of the Board of Directors, I would like to thank shareholders for their support during the last year. In particular, I would like to thank shareholders who participated in the recent Rights Issue which successfully raised A\$994,946. I am looking forward to further positive outcomes as scoping and prefeasibility studies on the Company's outstanding mineral deposits are progressed.



Creagh O'Connor AM
Chairman

Directors' Report

Review of Operations

2015 Highlights

During the year ended 30 June 2015, Broken Hill Prospecting Limited ('BPL' or 'Company') took a substantial step towards becoming a mineral producer. In 2014 the Company applied for five exploration tenements on zirconium and titanium prospects. The tenements were granted in late 2014 and in early 2015 BPL entered into a joint venture on two of these tenements with a private investment group (Resolute Resources Ltd ('RRL')) which is funding the early assessment of several substantial HMS deposits which are located in the joint venture tenements.

Heavy Mineral Sands Projects (zircon, titanium)

Copi North HMS Deposit

In early 2015 BPL, on behalf of the joint venture, undertook large drill testing campaigns at two of the deposits contained within the Heavy Mineral Sands (HMS) joint venture tenements (Copi North and Magic HMS deposits) and was rewarded with numerous high-grade intersections of zirconium-titanium sand deposits at both deposits. Combining the new drill data with reported drilling results from previous Iluka Resources evaluations enabled BPL to define maiden resources at both deposits. Table 1 summarises the Copi North HMS Resource.

Table 1. Copi North Mineral Resource (2.5% HM cut-off grade)

Resource Status*	Tonnes (millions)	THM (%)	In Situ HM Tonnes (millions)	Clay <53um (%)	Oversize >2mm (%)
Inferred	4.6	6.5	0.30	3.0	1.8
Indicated	7.0	7.1	0.50	2.6	2.0
Total	11.6	6.9	0.80	2.8	1.9

Tonnes (millions)	THM (%)	Ilmenite (%)	Rutile (%)	Zircon (%)	Leucoxene (%)	Other HM (%)
11.6	6.9	54.4	10.8	11.3	10.0	13.6

*Please refer to the Resources and Reserves Statement in the next section of this report.

The main features of the Copi North HMS resource include:

- High-grade heavy mineral content (about double nearby operating mines)
- High contents of valuable zircon (11.3%) and rutile (10.8%)
- Shallow cover (ranging between 7-48 metres, average 23m)
- Relatively coarse grain size (slimes content 2.8%)
- Deposit length could extend from 10km (drilled) to up to 30km

Magic HMS Deposit

In September 2015 BPL announced the maiden resource at the Magic HMS Deposit (Table 2) which is located in EL8311 about 60km north of Copi North (Figure 1).

Table 2. Magic Mineral Resource (2% HM cut-off grade)

Resource Status*	Tonnes (million)	THM (%)	In Situ HM Tonnes (millions)	Clay (%)	Heavy Mineral ('HM') Assemblage			
					Ilmenite (%)	Zircon (%)	Rutile (%)	Leucoxene (%)
Inferred	15	3.7	0.56	4	62	14	6	10

*Please refer to the Resources and Reserves Statement in the next section of this report

Important aspects of the Magic HMS Deposit include:

- HM grade is similar to nearby operating heavy mineral sands mines.
- Contains substantial high-value zircon (14%) compared with many other HMS deposits.
- Shallow depth of cover (ranging between 6-18 metres; average 12m).
- Low clay/slimes (4%) and oversize (1%) contents.
- Not closed by drilling and may extend outside of the drilled area.
- The Magic HMS Deposit could become a viable sequential mine development to Copi North.

BPL has 100% ownership of a 'world class' cobalt-pyrite (sulphuric acid) deposit

The Thackaringa Cobalt-Pyrite (sulphuric acid) Project has an Inferred Resource of 35.7 million tonnes of 1.85 pounds per tonne cobalt (0.084% Co) as well as Potential for another 37Mt - 59Mt of 0.0775 - 0.084% cobalt. Combined, this equates to about 60,000 tonnes of contained cobalt metal. Future processing options are likely to include sulphuric acid as a co-product to cobalt production. The Company is seeking a partner to fund due diligence, metallurgical review and feasibility studies with the intention to develop a world-class chemical project.

1. Heavy Mineral Sand Projects (EL8308, EL8309, EL8310, EL8311, EL8312)

Assessment work in both EL8311 and EL8312 has been financed by the private mining investment group Relentless Resources Limited (RRL) which is providing A\$2 million of funding through a recently announced Joint Venture to earn a 50% interest in the two tenements. Broken Hill Minerals Pty Ltd (BHM), a 100% owned subsidiary of BPL, is manager of the Joint Venture. EL8308, EL8309 and EL8310 are 100% owned by Broken Hill Minerals Pty Ltd (Figure 1).

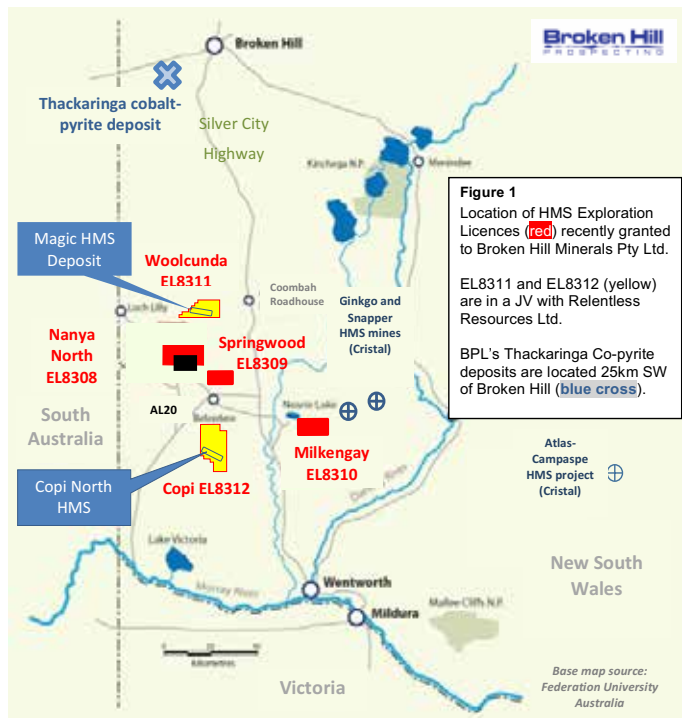


Figure 1. Map of western NSW showing the location of the Magic and Copi North Heavy Mineral Sands Deposit and Exploration Leases held by Broken Hill Minerals Pty Ltd. The map also shows the location of Cristal Mining's Pooncarie Mineral Sands Project (Ginkgo and Snapper Mines) and Atlas-Campaspe project.

1.1 Copi North Heavy Mineral Deposit (EL8312)

The Copi North results were described in detail in an ASX release on 21st May 2015. They include numerous drill intervals of between 1 and 4 metres thick which grade >20% Heavy Mineral (HM) within thicker zones which have >10% HM content (Table 3). Importantly, these are spread along the 10km length of the drilled portion of the deposit (Figure 2) and are all contained within a 120m to 220m wide horizon which is defined by mineralised intervals with >3% HM. The zone is widest in the northwest portion of the trend adjacent to the western boundary of EL8312.

The Company has applied for a new exploration licence (ELA5147 'Sunshine') to cover the strike extent of the Copi North deposit towards the northwest.

Table 3. High-grade HM drill intersections at the Copi North HMS deposit.

Drill Hole	Selected high-grade zones				Selected very high-grade intervals			
	from (m)	to (m)	interval (m)*	HM% **	from (m)	to (m)	interval (m)*	HM% **
CNA009	24	30	6	12.90	25	28	3	19.66
CNA021	29	34	5	18.66	29	33	4	22.45
CNA028	19	25	6	12.80	19	22	3	21.49
CNA037	14	18	4	14.05	15	17	2	19.34
CNA044	8	13	5	15.32	8	10	2	28.37
CNA048	9	13	4	12.48	10	11	1	21.41
CNA063	13	18	5	14.19	14	16	2	20.82
CNA075	16	23	7	13.74	17	19	2	26.20
CNA076	16	24	8	11.15	16	17	1	26.06
CNA083	14	21	7	10.11	16	18	2	20.32
CNA091	17	22	5	12.82	19	20	1	26.16
CNA092	14	22	8	13.82	15	18	3	24.46
CNA094	14	17	3	12.85	15	16	1	21.51
CNA098	16	23	7	21.43	16	17	1	34.52

Drill Hole	Selected high-grade zones				Selected very high-grade intervals			
	from (m)	to (m)	interval (m)*	HM% **	from (m)	to (m)	interval (m)*	HM% **
CNA099	16	23	7	17.09	16	17	1	31.82
CNA108	26	34	8	10.70	28	29	1	33.74
CNA112	33	44	11	7.84	38	39	1	29.20
CNA113	33	44	11	9.48	38	39	1	23.58
CNA122	39	47	8	10.19	42	43	1	22.09

* Averages of 1 metre drilled and assayed intervals. Drill holes are vertical and intervals are close to true thickness

** HM contents determined by ALS Metallurgical (Perth)

The depth of cover above the HMS horizon varies along the length of the deposit but averages 18 metres. Relatively thin cover of quartz sand, silt and clay are typical near the middle of the drilled area where the top of high-grade HM sand occurs between 9-13m below surface. The HM horizon becomes deeper and narrower to the southeast where it is covered by approximately 43m of sand and silt. Drill holes CNA001-8 at the northwest end of the drilled area intersected HMS at between 17-19m depth and BPL considers that the high grade HM horizon shallows as it extends into ELA5147.

Sieve sampling of representative mineralised intervals showed that most (>95%) of the Ti and Zr mineral grains (ilmenite, leucoxene, rutile and zircon) are coarser than 0.053mm. The HM contents of drill samples (determined by ALS Metallurgical) are of sand fractions sized between 0.053mm and 1mm. BPL believes that the relatively coarse nature of the Copi North HMS may allow recovery using "off the shelf" mineral separation equipment using conventional mineral separation techniques.

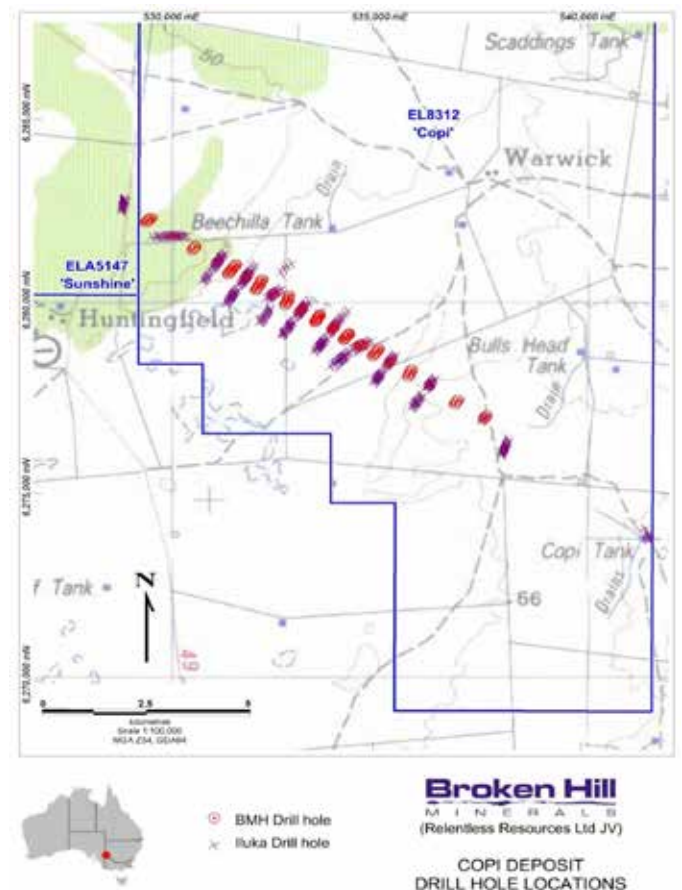


Figure 2. Map of the southern portion of EL8312 (Copi) showing the locations of drill holes completed during the period (red circles).

Directors' Report – continued

Mineralogy studies on composited samples undertaken by Diamantina Laboratories has shown that the average grades of 'payable' Copi North HM are 54% ilmenite, 10% leucoxene, 10.8% rutile and 11.3% zircon. Other heavy minerals include monazite (1.0%), tourmaline (3.7%), topaz (2.1%), chromite (1.4%), kyanite (0.7%), andalusite (0.5%) and stauralite (0.5%).

1.2 Maiden Resource for the Copi North (EL8312) Heavy Mineral Sand Deposit

Geos Mining, a Sydney-based mineral consultant company, undertook a resource estimation and classification of the Copi North deposit in accordance with Joint Ore Reserves Committee 2012 guidelines (JORC). The study was released to the ASX on 27 July 2015 and is posted on the Company website.

Geos Mining compiled and validated the exploration database prior to the resource estimation and a site visit was undertaken by Geos Mining during resource drilling to confirm that work practices and sampling procedures were best practice. 312 air core drill holes (129 undertaken by BPL in March 2015 and 183 completed by Iluka between 1998 and 2002) were used for the resource estimation. Holes were drilled along traverses perpendicular to the 303 degree trend of the deposit and with an approximate traverse spacing of 450 metres (Figure 2).

Micromine 2014 and Leapfrog Geo software were used for the Resource Estimation (Tables 2 and 3). Geological modelling and definition of the primary mineralised domains were undertaken with Leapfrog Geo and block modelling and grade interpolation was completed in Micromine. Geostatistical investigation was carried out to define interpolation parameters.

The block model contains grade estimates for Total Heavy Mineral (THM), slimes (<53µm) and oversize sand (+2mm). Tonnage was calculated on a dry block by block basis using specific gravity weighted mineral point count data adjusted for estimated heavy mineral content of each block. Average slime content (<53µm) for the Resource is 2.8% (Table 3) and the relatively coarse nature of the deposit (~97% of grains coarser than 0.053mm) is likely to be conducive for conventional spiral separation.

Confidence in the geological model, sampling procedures, data spacing and available data enabled the classification of both Indicated and Inferred Mineral Resource according to the Joint Ore Reserves Committee 2012 guidelines (JORC).

1.3 Maiden Resource for the Magic (EL8311) Heavy Mineral Sand Deposit

Drilling of 88 air core drill holes (totalling 2,124 metres) at the Magic HMS Deposit (Figure 3) was undertaken in March 2015. The work defined considerable thicknesses and good continuity of mineralisation within the deposit (Table 4) and results of the drilling and assay data were reported in subsequent ASX announcements (16th April and 23rd June).

The general dimensions of the Magic deposit are approximately 14 kilometres (along trend), 130 metres to 300 metres in width and 2 metres to 8 metres in thickness. It is located beneath 6 metres to 18 metres of sediment overburden (average of 12 metres).

Mineral makeup analyses for Magic were determined by Diamantina Laboratories in Perth using point counting techniques on composited samples to estimate the mineral composition. Five composites have very similar mineral makeup and average 62% ilmenite, 9.4% weathered ilmenite (leucoxene), 6.2% rutile, 14.1% zircon and 0.9 % monazite. In addition, other

HM (including tourmaline, kyanite, sillimanite, andalusite, chromite) total 7.0%.

Geological modelling of the deposit has resulted in an Inferred Mineral Resource estimate of 15 million tonnes of 3.7% HM (using a cut-off grade 2% HM). The maiden resource estimation for Magic was reported on 10th September 2015 and is presented in Table 2. It was based on existing and new infill drilling which was completed along sections spaced at approximately 600 metre and 1200 metres, using vertical holes 20 metres to 40 metres apart (across strike). Downhole samples were collected at 1 metre intervals through the mineralised zone.

Greg Jones, a Heavy Mineral Sands Consultant and Principle and Director of GNJ Consulting Pty Ltd, undertook the resource estimation and classification of the Magic Heavy Mineral Sands deposit in accordance with Joint Ore Reserves Committee 2012 guidelines (JORC).

Table 4. Selected heavy mineral drill intersections from the Magic HMS deposit.

Drill Hole	Selected high-grade zones			HM% **
	from (m)	to (m)	interval (m)*	
MMA013	17	20	3	11.97
MMA022	13	15	2	6.41
MMA024	13	16	3	7.37
MMA025	12	14	2	10.89
MMA026	12	14	2	10.71
MMA027	11	15	4	5.44
MMA037	10	11	1	8.27
MMA038	15	18	3	7.33
MMA039	14	16	2	5.36
MMA055	16	19	3	8.15
MMA061	20	22	2	7.99
MMA062	20	22	2	5.64
MMA065	15	18	3	5.58
MMA067	15	17	2	5.14
MMA078	16	19	3	5.52
MMA079	16	19	3	5.32
MMA080	16	18	2	6.10
MMA081	15	17	2	5.69
MMA086	12	15	3	5.62

* Averages of 1 metre drilled and assayed intervals. Drill holes are vertical and intervals are close to true thickness.

** HM contents determined by ALS Metallurgical (Perth)

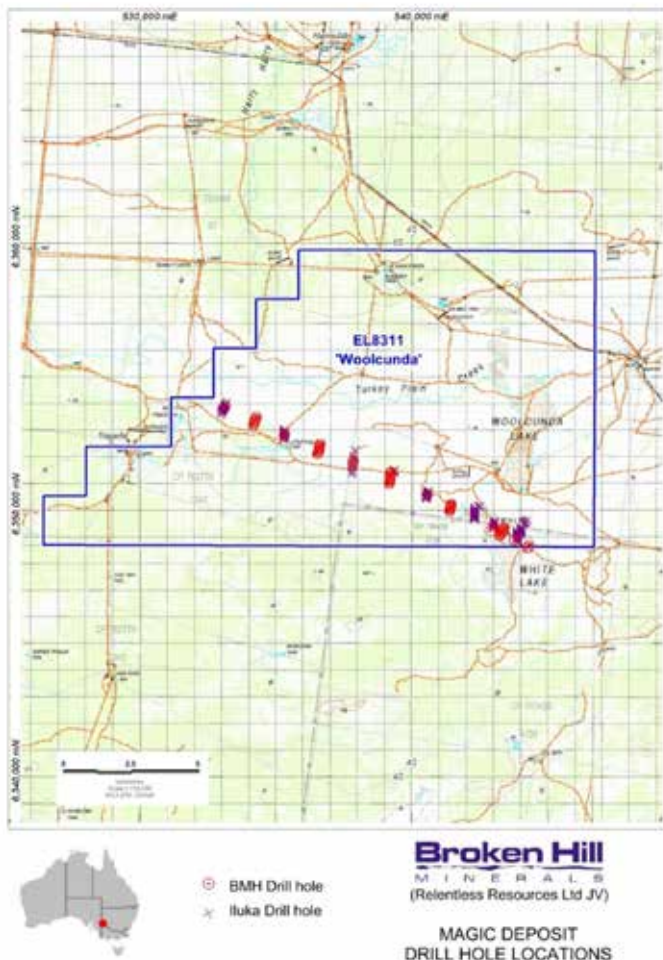


Figure 3. Map of EL8311 (Woolcunda) showing the locations of drill holes completed during the period (red circles).

1.4 Nanya North (EL8308), Springwood (EL8309) and Milkengay (EL8310) Heavy Mineral Projects

The three Exploration Licences which are not included in the JV (EL8308, EL8309 and EL8310, Figure 1) remain wholly owned by Broken Hill Minerals Ltd. BHM is planning to undertake field surveys and drill testing at several high priority HMS targets within these tenements.

2. Thackaringa Cobalt Pyrite (sulphuric acid) Deposit (EL6622, EL8143, ML86, ML87)

Considerable interest in the Thackaringa project continues to be received from potential investors, mining companies and industrial groups who recognise a likely future demand for cobalt supply into growing battery and superalloy industries as well as for sulphuric acid in minerals processing and phosphate fertiliser businesses. BPL is seeking joint venture funding and technical expertise to progress the project.

Combined, the Resource and Potential of the Thackaringa Project (Table 5) equate to between 59,000 and 76,000 tonnes of contained cobalt metal (recent LME market price of over USD27,000 per tonne of cobalt). Clearly, the deposit is shaping to be of world-class size and may represent one of the world's largest undeveloped cobalt resources without nickel or copper bi-product.

Table 5. Mineral resource base of Broken Hill Prospecting Ltd, Thackaringa Cobalt-Pyrite Project.

Mineral Resources*	ASX listing, February 2011	Current (August 2015)
Pyrite resource estimate (Inferred Resource)	15 million tonnes (Mt) of 0.085% Co (12,750 tonnes (t) of contained cobalt)	35.7Mt of 0.084% Co (30,000 tonnes contained cobalt)
Potential* pyrite resource estimate (additional to Inferred Resource)	None identified	37 - 59Mt of 0.0775 - 0.084% Co (28,700-45,700t contained cobalt)

*Note that the Inferred Mineral Resources were prepared and first disclosed under the JORC Code 2004. They have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Potential is reported under JORC Code 2012. It is conceptual in nature and more drilling is required to further define it. There is no certainty that additional work will result in an upgrade of Potential to Mineral Resource. Please refer to the Resources and Reserves Statement in the next section of this report.

BPL's Thackaringa cobalt-pyrite deposits are well located at surface and beside road and rail and can be mined by simple open cut methods. The pyritic rock can be processed differently from conventional nickel laterite ore (which can contain up to 0.1% Co) in that it can be upgraded to a concentrate by conventional flotation technology. In addition to cobalt (0.4-0.6% Co), Thackaringa pyrite concentrate is unlikely to contain significant contents of deleterious metals (e.g. arsenic, lead, fluoride, chloride and mercury). It will likely be suitable for acid production as it will have negligible deleterious metals and the deposit is well located for cost effective open-cut development.

BPL's concept of establishing a sulphuric acid plant in NSW using the Company's pyrite concentrate as a feed source for a sulphide roast plant has attracted considerable interest from several large, international chemical groups. BPL have established that there is a growing Australian market for sulphuric acid and this is likely to expand as east Australian production declines and acid demand increases to supply developing rare earth metal deposits, phosphate fertiliser resources, nickel, copper, ilmenite and uranium mining and chemical industries. Some of these planned developments may be restricted by risks to sulphuric acid supply, as well as transport and costs associated with off-shore acid and sulphur sourcing, distribution, and storage.

The Company is investigating several process options for future development. Following mining and concentration of the cobalt-pyrite ore a pyrite roast/sulphuric acid facility could be constructed at a convenient location for acid consuming industries. This could be located either beside the Thackaringa deposit (or nearby at Broken Hill), NSW mid-west (close to mineral deposits and near a rail head like Dubbo) or in central Northern Territory (for example Tennant Creek) where undeveloped phosphate and rare earth deposits could benefit from local sulphuric acid production.

The ash/cinder residue from the roasting process will contain high cobalt content and this could be processed to recover cobalt product through a solvent extraction/electro-winning process (SX/EW) either at the deposit or at the location of the pyrite roast plant. Alternatively, the hematite-cobalt cinder could be sold directly to a third party for further processing.

3. Future Activities

The Broken Hill Minerals Pty Ltd - Relentless Resources Joint Venture plan to undertake scoping reviews of potential development scenarios for the Copi North HMS Deposit. Following from this work, a Prefeasibility study (PFS) will be commenced with an expectation for completion in late 2015. Establishment of a weather recording station as well as preliminary environmental assessment are also planned.

Resource estimation for the Magic HMS deposit is expected in September, 2015. Exploration in the new Sunshine project area (ELA 5147) will commence when the tenement is granted and access is permitted. The Sunshine tenement has potential for a western extension of the Copi North deposit and HMS deposits in Sunshine could add considerable value to the project.

Fieldwork to follow-up heavy mineral exploration results (from by other company work) in EL8308, EL8309 and EL8310 (owned 100% by BHM) is planned. Air-core drill testing of the extent of prioritised HM targets is expected to follow from field assessment and magnetics surveys.

BPL will continue to investigate options to progress towards development of the Thackaringa cobalt-pyrite (sulfuric acid) deposit. The Company is seeking an off-take agreement(s), investors and larger company support. Interest in cobalt security of supply has strengthened following several encouraging developments in new energy storage technologies (which require cobalt compounds) and following recent reports of power and workforce disruptions in the DR Congo which produces most of the world's cobalt.

4. Corporate

4.1 Results for the year

The consolidated entity's loss for the year after providing for income tax amounted to A\$31,844 (2014: loss of A\$533,403).

4.2 Completion of Private Placement

On 7th November 2014 BPL successfully completed a placement to various sophisticated and professional investors to raise A\$441,798.29 before costs.

The placement consists of 11,044,957 fully paid shares at an issue price of A\$0.04 together with a free attaching option exercisable at any time prior to five years from the date of issue and with exercise price of A\$0.08. The placement utilises in full the 15% capacity available as per ASX Listing Rule 7.1 and its 10% capacity as per ASX Listing Rule 7.1A.

4.3 New Joint Venture – Heavy Mineral Sands (HMS)

On 22 January 2015, Broken Hill Minerals Pty Ltd, a 100% subsidiary of the Company, signed a joint venture agreement with Relentless Resources Limited (RRL) in order to fund and manage two of the Company's advanced Heavy Mineral Sands (HMS) tenements (EL 8311 and EL8312). As at 30 June 2015 RRL had made an initial payment of A\$500,000 earning a 20% interest in the Joint Venture. Since then, up to the date of this report, RRL made additional payments of A\$1,000,000 earning an additional 20% (total of 40%). As at 30 June 2015 the joint venture incurred total expenditures of A\$592,723 including exploration and evaluation expenditure.

4.4 Rights Issue

Broken Hill Prospecting Limited's fully underwritten 1 for 4 non-renounceable Rights Issue closed on 29 June 2015. A total of A\$221,039.60 was received from Eligible Shareholders for a

total of 5,525,990 shares, including applications for entitlements of 4,167,438 shares and applications for 1,358,552 additional shares. Under the terms of the issue, every new issued share has an attaching new option exercisable at 8 cents and these expire on 12 November 2019.

The shortfall in subscriptions of (19,325,164 Shortfall Shares, equivalent to A\$773,006.56) was taken up by International Pacific Capital Limited, as underwriter of the Rights Issue, and several sub-underwriters. The Company issued and allotted a total of 24,851,154 New Shares and 24,851,154 New Options under the Entitlement Offer.

4.5 2014 R&D Tax Incentive schedule

The 2014 Research & Development Tax Incentive Schedule for Broken Hill Prospecting Limited for the year ended 30 June 2014 was calculated with assistance from KMPG and a refundable R&D Tax offset amount of A\$154,054.05 was received on 27th October 2014.

4.6 Appointments to the Board

Mr Denis Geldard was appointed BPL Director on 3rd August 2015. Denis Geldard is a mining engineer with considerable technical and operational experience in project development including more than 20 years of experience in the Heavy Mineral Sands Industry where he has held positions in Western Titanium Ltd, Associated Minerals Consolidated and Iluka Resources. Denis's extensive experience and capabilities will add expertise as BPL transitions from exploration to commercialisation of its cobalt deposits and Heavy Mineral Sands projects.

Mr Geoffrey Hill ('Geoff') was appointed BPL Director on 27th August 2015. Geoff was a Director of the Company from 1989 to June 2014 and has re-joined the board. He has extensive experience in the identification and implementation of mergers and takeovers and has acted for a wide range of corporate clients in Australia and overseas. Geoff is also a director of several companies including International Pacific Capital Limited, So Co Ltd, Coromandel Gold Limited, Texas and Oklahoma Coal Company Limited, Metals Finance Corporation Limited (MFC) and Mount Gibson Iron Limited (MGX). Between 1999 and 2012 Geoff was a director of Heritage Gold NZ Limited (now New Talisman Gold Mines Limited).

4.7 Newsletters

The Company prepared and circulated several newsletters (July, 2014, February 2015 and May 2015) which summarise BPL activities and market news for titanium, zircon and cobalt. These newsletters can be located on BPL's website (www.bhpl.biz).

4.8 Risk Management

There are significant future risks and uncertainties for the Company and the Directors have strategies in place to address these. BPL has eight granted minerals exploration licence (EL tenements) in the between Broken Hill and Wentworth in western NSW and these are the main assets of the Company. Reporting and environmental conditions for these tenements are kept in good standing and the exploration expenditure requirements have been met. The Company believes that there is no reason that these tenements will not be renewed or replaced at the end of current tenure.

Over the next year BPL will seek investment interest for the Thackaringa Project and plans to progress with pre-feasibility and metallurgical studies.

Directors' Report – continued

BPL are well on track to complete pre-feasibility studies on the Copi North Heavy Mineral Sands deposit and are well progressed on evaluation of the Magic HMS Deposit. Further assessment of HMS targets outside the RRL joint venture will continue as these could provide an excellent pipeline of new development opportunities.

On behalf of the Board

Yours faithfully,



Dr Ian Pringle
Managing Director



Matthew Hill,
Director

Dated 29 September 2015

Resources and Reserves Statement

Mineral Resources have been estimated using all available geological and relevant drill hole and assay data, including drill sampling and analysis. No Ore Reserves have been calculated.

Resource estimates are determined by consideration of geology, mineral cut-off grades, thickness of mineralisation, mineralisation versus overburden ratios and consideration of the potential mining and extraction methodology.

Mineral Resource are estimated by internal and external personnel, suitably qualified as Competent Persons under the Australasian Institute of Mining and Metallurgy, reporting in accordance with the requirements of the JORC code, industry standards and internal guidelines. All Resource estimates and supporting documentation are reviewed by a Competent Person either employed directly by the Company or employed as an external consultant. If there is a material change in an estimate of a Resource, or if the estimate is a Maiden Resource, the estimate and all relevant supporting documentation is further reviewed by an external suitably qualified Competent Person. All Resource estimates are then further reviewed by suitably qualified internal management.

The Resources statements included in this 2015 Annual Report have been reviewed by qualified internal and external Competent Persons, and Company management, prior to their inclusion.

Exploration Results

The information in this report that relates to Exploration Results including sampling techniques and data is based on information compiled by Dr Ian Pringle, a Competent Person who is a member of the Australian Institute of Geoscientists. Dr Pringle is Managing Director of Broken Hill Prospecting Limited. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the December 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Pringle consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Thackaringa Cobalt-Pyrite Deposits

The Resources quoted are reported in terms as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

The information in relation to the Resources for the Thackaringa Cobalt-Pyrite Project was first prepared and disclosed under the JORC Code 2004 by H&S Consultants (formerly Hellman & Schofield Pty Ltd), resource specialists to the minerals industry who have extensive experience in resource estimation. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Mineral Resources at the Pyrite Hill Cobalt-Pyrite Deposit is based on information compiled by Dr Phillip Hellman, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. At the time of the work, Dr Hellman was an Executive Director of H&SC Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined by JORC. Dr Hellman consents to the inclusion

in this report of the matters based on his information in the form and context in which it appears. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Mineral Resources of the Big Hill Cobalt-Pyrite Deposit was compiled by Hunter Resources NL in 1998 and was calculated using the cross-sectional polygonal method. The Big Hill Mineral Resource has been reviewed by Dr Ian Pringle who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined by the JORC code. Dr Pringle consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

The material in this report that relates to Mineral Resources at the Railway Cobalt-Pyrite Deposit is based on information compiled by Robert Spiers, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. Mr Spiers is an employee of H&S Consultants and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined by JORC. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

The Railway Cobalt-Pyrite Deposit study by Robert Spiers (HS Consultants) also contains an additional Potential for between 23 and 35 million tonnes of cobalt mineralisation of grade ranging between 1.70% cobalt and 1.84% cobalt which occurs peripheral to the Railway Resource. The study assumed continuity of mineralisation along trend and considerable more infill and step-out drilling is required to define the extent of the mineralised system. This Potential occurs within the modeled mineralisation envelope and lies outside of the Inferred Mineral Resource because of the absence of nearby drilling. It is conceptual in nature and more drilling is required to further define it. There is no certainty that more drilling will result in up-grade of Potential to Mineral Resource. Mr Spiers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Thackaringa Cobalt-Pyrite Deposit

	2015 Inferred Resource (Mt)	grade lb/t	2014 Inferred Resource (Mt)	grade lb/t	Change (Mt)
1. Pyrite Hill	16.4	1.83	16.4	1.83	nil
2. Big Hill	4.4	2.00	4.4	2.00	nil
3. Railway	14.9	1.83	14.9	1.83	nil
Total	35.7	1.85	35.7	1.85	nil

Copi North Heavy Mineral Sands Deposit

The Mineral Resources determined for the Copi North Heavy Mineral Sands Deposit were prepared and reported in July, 2015 by Geos Mining, a specialist geology consultancy, in terms as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' as published by JORC.

Resource modelling, estimation and management of the project database were undertaken by Geos Mining's Senior Resource

Resources and Reserves Statement – continued

Geologist Oliver Willetts and Resources and Data Geologist David Biggs. Both have significant relevant experience in these activities. The Resources were reviewed by Sue Border, (Director of Geos Mining), a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy and Fellow of the Australian Institute of Geoscientists. Ms Border has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined by JORC. Ms Border consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

Copi North Heavy Mineral Sands Deposit

2015 Indicated Resource (Mt)	grade (% Heavy Minerals)	2014 Indicated Resource (Mt)	grade (% Heavy Minerals)	Change (Mt)
7	7.1	nil	nil	Not Applicable
2015 Inferred Resource (Mt)	grade (% Heavy Minerals)	2014 Inferred Resource (Mt)	grade (% Heavy Minerals)	Change (Mt)
4.6	6.5	nil	nil	Not Applicable
2015 Total Resource (Mt)	grade* (% Heavy Minerals)	2014 Total Resource (Mt)	grade (% Heavy Minerals)	Change (Mt)
11.6	6.9	nil	nil	Not Applicable

Mineral Make-up of the Copi North Heavy Mineral Sands Deposit

Tonnes (M)	HM (%)	Ilmenite (%)	Rutile (%)	Zircon (%)	Monazite (%)	Leucoxene (%)	Other HM (%)
11.6	6.9	54.4	10.8	11.3	1.0	10.0	12.6

Magic Heavy Mineral Sands Deposit

The Mineral Resources determined for the Magic Heavy Mineral Sands Deposit were reported in September, 2015 by Greg Jones, a Heavy Mineral Sands Consultant and Principle and Director of GNJ Consulting Pty Ltd, in terms as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' as published by JORC.

Information in this Annual Report that relates to Mineral Resources for the Magic HMS Deposit is based on information compiled by Mr Greg Jones who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Jones is the Principal for GNJ Consulting and was retained by Broken Hill Prospecting Limited to conduct Mineral Resource estimation for the Magic deposit. Mr Jones has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the JORC Code 2012. Mr Jones consents to the inclusion in this ASX release of the matters based on his information in the form and context in which it appears.

Magic Heavy Mineral Sands Deposit

2015 Inferred Resource (Mt)	grade (% Heavy Minerals)	2014 Inferred Resource (Mt)	grade (% Heavy Minerals)	Change (Mt)
15	3.7	nil	nil	Not Applicable
2015 Total Resource (Mt)	grade* (% Heavy Minerals)	2014 Total Resource (Mt)	grade (% Heavy Minerals)	Change (Mt)
15	3.7	nil	nil	Not Applicable

Magic Heavy Minerals and Sands Deposit

2015 Inferred Resource (Mt)	grade (% Heavy Minerals)	2014 Inferred Resource (Mt)	grade (% Heavy Minerals)	Change (Mt)
15	3.7	nil	nil	Not Applicable
2015 Total Resource (Mt)	grade* (% Heavy Minerals)	2014 Total Resource (Mt)	grade (% Heavy Minerals)	Change (Mt)
15	3.7	nil	nil	Not Applicable

Mineral Make-up of the Magic Heavy Mineral Sands Deposit

Tonnes (M)	HM (%)	Ilmenite (%)	Rutile (%)	Zircon (%)	Leucoxene (%)	Other HM (%)
15	3.7	62	6	14	10	8

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
Ian James Pringle	Managing Director	Appointed 14 April 2011
Matthew Geoffrey Hill	Non-Executive Director	Appointed 14 March 2012
Robert George Barnes	Non-Executive Director	Appointed 6 July 2012 Retired 19 November 2014
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 2015 and the numbers of meetings attended by each director were:

	Board of Directors		Audit Committee	
Directors	Eligible to attend	Attended	Eligible to attend	Attended
FC O'Connor	9	9	2	2
IJ Pringle	9	9	-	-
RG Barnes	7	7	1	1
MG Hill	9	6	1	1
D Geldard	-	-	-	-
GG Hill	-	-	-	-
Committee member				
D de Boer	N/A	N/A	2	2

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

Details of Directors:

Francis Creagh O'Connor: AM, FAIM, FAICD. Chairman and Non-Executive Director (Independent). Member of the Remuneration Committee. Term of office 15 years.

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.

Ian James Pringle: BSc. (Hons), PhD, MAIG MAusIMM MAICD Managing Director. Term of office 4 years.

Ian Pringle joined BPL as Managing Director in April 2011 after the Company's successful IPO and listing on the ASX and NZX. Ian is an experienced minerals exploration geologist with a successful track record in discovery and development of mineral deposits within Australia, South East Asia and the Pacific.

Ian was recently Managing Director of Geopacific Resources NL, an ASX-listed explorer that is assessing gold and base metal projects in Fiji and Cambodia. Until late 2011 he was also the manager of a Canadian-based company, Silver Standard Australia Pty Ltd which explored the Bowdens Silver Project near Mudgee, NSW and which was sold to Kingsgate Consolidated in mid-2011.

During a six year stint as Exploration Manager at Oxiana Resources Ltd, Ian had a leading role in Oxiana's purchase and subsequent development of the Sepon and Khanong gold and copper mines in Laos. Prior to Oxiana, Ian was Exploration Manager at Golden Shamrock Mines and Cobar Mines Ltd and held positions as Senior Geologist with Nord Resources Ltd (Girilambone copper mine discovery in NSW), CSR Ltd (Lerokis Mine discovery in Indonesia) and Elf Aquitaine where he managed exploration programs in Australia and South East Asia.

Ian has a BSc (Hons) in geology and PhD in geology (petrology, geochemistry and mineralogy) from the University of Otago in New Zealand. Ian is currently a director of New Talisman Gold Mines Limited.

Matthew Geoffrey Hill: MBA, AFSL, FFin, APDT. Non-Executive Director. Member of the Audit Committee. Term of office 3 years.

Matthew Hill was the alternate Director of Geoffrey Hill from 14 March 2012 to 6 June 2014. On that date he was appointed Non-Executive Director. Geoffrey Hill retired as Non Executive Director on 30 June 2014. 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 Managing Director of So Co 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.

Board of Directors – continued

Robert George Barnes: B.A. (Hons geology), MSc., M App. Sc, Grad. Cert. Public Sector Management, MGSA. Non-Executive Director (Independent). Member of the Audit Committee and the Remuneration Committee. Retired 19 November 2014.

Robert Barnes has over 40 years experience as a geologist and manager. He has transitioned from his position as Chief Geoscientist – Minerals in the Geological Survey of New South Wales into mineral exploration. He has worked extensively throughout NSW including eight years based in Broken Hill. His work with the geological survey included large scale mineral deposit, mineral system and geological mapping projects covering an extensive range of deposit styles and commodities. He played a pivotal role in regional scale metallogenic mapping projects across NSW and in building geological and mineral deposit databases. He has authored numerous scientific publications on mineral deposits. Robert has worked with State and Commonwealth agencies on regional mineral prospectivity assessments and provided high-level advice to government in relation to mineral exploration administration and policies. He also runs an independent consultancy facilitating mineral exploration and project development.

Denis Geldard: AWASM, MAIMM. Non-Executive Director. Appointed 3 August 2015

Denis Geldard was appointed to the Board on 3 August 2015 and has over 40 year's 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. 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 and a director of So Co Limited. He is Chairman of ASX listed Pacific American Coal Limited and Asian Property Investments Limited. In the last three years he was previously Chairman of Mount Gibson Iron Ore Limited and a director of New Talisman Gold Mines Limited.

COMPANY SECRETARY and OTHER OFFICERS

Francesco Girotto: B.Com, CPA. Company Secretary. Appointed 2 July 2012.

Francesco Girotto is a professional accountant member of CPA Australia. For the last two decades he has been a tax and accounting advisor in medium-small accounting practices in Australia. Previously he was a management accountant and financial consultant in Europe for companies in the primary and entertainment industries. Francesco has a bachelor degree in Economics and Commerce (Hons) from the University of Rome (Italy) and completed a bridging accounting course in Australia awarded from the University of Technology Sydney. He is also a registered tax agent.

Donald W de Boer: BA, CA. Member of the Audit Committee.

Donald de Boer has extensive experience in corporate compliance for both listed and unlisted companies. He has been a chartered accountant for over 30 years.

Remuneration Report (Unaudited)

The Company is incorporated in New Zealand and is a foreign company in terms of the Australian Corporations Act 2001 so a separate remuneration report is not required. However 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 is included below.

Remuneration policy

The remuneration policy, which sets the terms and conditions for the key management personnel (KMP), was developed by the remuneration committee and was approved by the Board.

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 by the shareholders.

The remuneration of the Chairman and Non-Executive Directors is not currently based on Company performance and is paid by fixed sum.

In the 2012 financial year the Company established a long term share-option equity plan (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 this Plan better aligns the rewards of the key management personnel with the interests of the shareholders.

On 29 November 2012 in accordance with a shareholders resolution the Company made a contribution to the Plan equivalent to the issue of 9,000,000 unlisted options with exercise price of A\$0.20 and expiry date 17 February 2016. The

options were granted when the price of the underlying shares was A\$0.092 and as such gives strong incentive to the KMP to align their interest to those of the shareholders.

For the 2015 financial year the key management personnel of the Company consisted only of the Directors of 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 had 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 of their fees by half as from 1st 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.

Managing Director's fees

The remuneration of the executive Directors and senior executives is determined by the Directors and is set to motivate the executives and to pursue the long term growth and success of the company. The Managing Director does not receive fixed Directors' fees.

Service agreement – Managing Director

A Service Agreement dated 8 April 2011 has been entered into between the Company and Ian J Pringle & Associates Pty Ltd ("Contractor"), being a company controlled by Dr Pringle. The Agreement commenced on 18 April 2011 for an initial term of 12 months, with an option for the parties to extend the term at the expiry date, unless the service is terminated earlier in accordance with the Agreement. The Agreement has currently been extended to 8 April 2016. The Contractor or the Company may terminate the agreement with 28 days notice. The Service fee is A\$1,000 per day. No termination payments are provided under the contract.

Service agreement – Managing Director of 100% subsidiary

A Service Agreement dated 1 November 2014 has been entered into between Broken Hill Minerals Pty Ltd, a 100% subsidiary of the company and Lotus Australian Holdings Pty Ltd ("Contractor"), being a company controlled by Ian Spence, a Director of Broken Hill Minerals Pty Ltd. The Agreement commenced on 1 November 2014. The Contractor or the Company may terminate the agreement with 28 days notice. The Service fee is A\$1,000 per day. No termination payments are provided under the contract.

Details of remuneration

Details of the remuneration of the Directors for the current and prior financial years are set out in note 9 of the financial statements.

In the 2012 financial year, in accordance with a shareholders resolution the Company made a contribution to the Plan equivalent to the issue of 9,000,000 unlisted options. These options are unlisted, have exercise price of A\$0.20 and expiry date 17 February 2016.

No options were granted or exercised during the financial year.

The balances of the options held by the Directors at year end were:

FC O'Connor	1,000,000
MG Hill	–
IJ Pringle	4,000,000
	5,000,000

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.

Level 6, 350 Kent Street
Sydney NSW 2000
87- 89 Lyons Road
Drummoyne NSW 2047

KS Black & Co

Chartered Accountants

ABN: 57 446 398 808

20 Grose Street
North Parramatta NSW 2151
PO Box 2210
Parramatta NSW 1750

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
BROKEN HILL PROSPECTING LIMITED**

Report of the Financial Statements

We have audited the accompanying financial statement of Broken Hill Prospecting Limited (the company) and Broken Hill Prospecting Limited and Controlled Entities (the consolidated entity) on pages 17 to 33, which comprise the consolidated statement of financial position as at 30 June, 2015 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory information.

Director's Responsibility for the Financial Statements

The directors are responsible in behalf of the entity for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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Opinion

In our opinion the financial statements of Broken Hill Prospecting Limited on pages 17 to 33:

- (i) Comply with generally accepted accounting practice in New Zealand
- (ii) Company with International Financial Reporting Standards
- (iii) Give a true and fair view of the financial position of Broken Hill Prospecting Limited and Broken Hill Prospecting Limited and Controlled Entities as at 30 June 2015 and of the financial performance and cash flows of the company for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16 [1][d] and 16 [1][e] of the Financial Reporting Act 1993, we report that

- (i) We have obtained all the information and explanations that we have required; and
- (ii) In our opinion, proper accounting records have been kept by Broken Hill Prospecting Limited as far as appears from our examination of those records.

K.S. Black & Co
Chartered Accountants



Sam Danieli
Partner
(New Zealand Licensed Auditor No. AUD289)

29 September 2015

BROKEN HILL PROSPECTING LIMITED AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2015

	Note	Consolidated		Parent	
		2015 A\$	2014 A\$	2015 A\$	2014 A\$
Continuing operations					
Revenue	3	169,109	351,666	159,124	351,666
Administrative and exploration expenses	4	(556,256)	(626,158)	(486,876)	(626,158)
Share of loss in joint venture	20c	(44,697)	-	-	-
Exploration costs written off	6	-	(258,911)	-	(258,911)
Profit/(loss) for the year before income tax		(431,844)	(533,403)	(327,752)	(533,403)
Income tax expense	2	-	-	-	-
Profit/(loss) for the year		(431,844)	(533,403)	(327,752)	(533,403)
Other comprehensive income/(loss)					
Profit on disposal of interest in tenement net of tax	20b	400,000	-	-	-
Total comprehensive income/(loss) attributable to members of the parent entity		(31,844)	(533,403)	(327,752)	(533,403)
Earnings per share					
Basic earnings/(loss) per share from continuing operations	17	(0.03) cents	(0.64) cents	(0.34) cents	(0.64) cents
Diluted earnings/(loss) per share from continuing operations	17	(0.02) cents	(0.41) cents	(0.23) cents	(0.41) cents

The accompanying notes form part of these financial statements

BROKEN HILL PROSPECTING LIMITED AND SUBSIDIARIES

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2015

Consolidated

	Share capital	Option reserve	Retained earnings	Foreign currency translation	Total equity
	A\$	A\$	A\$	A\$	A\$
2015	(note 13)		(note 12)		
Comprehensive income/ (loss)	-	-	(31,844)	-	(31,844)
Share issue	441,798	-	-	-	441,798
Share issuing costs	(35,298)	-	-	-	(35,298)
Movement in equity for the year	406,500	-	(31,844)	-	374,656
Equity at beginning of year	5,425,188	133,200	(3,233,029)	(477)	2,324,882
Equity at end of year	5,831,688	133,200	(3,264,873)	(477)	2,699,538
2014					
Comprehensive income/ (loss)	-	-	(533,403)	-	(533,403)
Share issue	260,000	-	-	-	260,000
Share issuing costs	(16,532)	-	-	-	(16,532)
Movement in equity for the year	243,468	-	(533,403)	-	(289,935)
Equity at beginning of year	5,181,720	133,200	(2,699,626)	(477)	2,614,817
Equity at end of year	5,425,188	133,200	(3,233,029)	(477)	2,324,882

The accompanying notes form part of these financial statements

BROKEN HILL PROSPECTING LIMITED AND SUBSIDIARIES

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2015

Parent

	Share capital	Option reserve	Retained earnings	Foreign currency translation	Total equity
	A\$	A\$	A\$	A\$	A\$
2015	(note 13)		(note 12)		
Comprehensive income/ (loss)	-	-	(327,752)	-	(327,752)
Share issue	441,798	-	-	-	441,798
Share issuing costs	(35,298)	-	-	-	(35,298)
Movement in equity for the year	406,500	-	(327,752)	-	78,748
Equity at beginning of year	5,425,188	133,200	(3,233,029)	(477)	2,324,882
Equity at end of year	5,831,688	133,200	(3,560,781)	(477)	2,403,630
2014					
Comprehensive income/ (loss)	-	-	(533,403)	-	(533,403)
Share issue	260,000	-	-	-	260,000
Share issuing costs	(16,532)	-	-	-	(16,532)
Movement in equity for the year	243,468	-	(533,403)	-	(289,935)
Equity at beginning of year	5,181,720	133,200	(2,699,626)	(477)	2,614,817
Equity at end of year	5,425,188	133,200	(3,233,029)	(477)	2,324,882

The accompanying notes form part of these financial statements

BROKEN HILL PROSPECTING LIMITED AND SUBSIDIARIES

Consolidated Statement of Financial Position as at 30 June 2015

		Consolidated		Parent	
	Note	2015	2014	2015	2014
		A\$	A\$	A\$	A\$
Equity					
Total equity	12,13	2,699,538	2,324,882	2,403,630	2,324,882
Total equity		2,699,538	2,324,882	2,403,630	2,324,882
Represented by:					
Current assets					
Cash and cash equivalents		114,643	278,511	109,611	278,511
Receivables and prepayments	10	151,973	34,409	101,397	34,409
Due from group companies	10	-	-	166,830	-
Total current assets		266,616	312,920	377,838	312,920
Non-current assets					
Property, plant & equipment	5	198	622	198	622
Intangible assets	6	2,494,492	2,036,907	2,091,931	2,036,907
Security deposits	19	115,000	20,000	20,000	20,000
Investment in subsidiaries	21	-	-	3,000	3,000
Total non-current assets		2,609,690	2,057,529	2,115,129	2,060,529
Total assets		2,876,306	2,370,449	2,492,967	2,373,449
Current liabilities					
Trade and other payables	7	154,695	22,257	72,519	22,257
Due to related parties	8	22,073	23,310	14,818	23,310
Due to group companies	7,8	-	-	2,000	3,000
Total current liabilities		176,768	45,567	89,337	48,567
Total liabilities		176,768	45,567	89,337	48,567
Net assets		2,699,538	2,324,882	2,403,630	2,324,882

For and on behalf of the Board



Dr Ian Pringle
Director

Dated 29 September 2015



Matthew Hill,
Director

Dated 29 September 2015

The accompanying notes form part of these financial statements

BROKEN HILL PROSPECTING LIMITED AND SUBSIDIARIES

Consolidated Statement of Cash Flows for the Year Ended 30 June 2015

	Note	Consolidated		Parent	
		2015	2014	2015	2014
		A\$	A\$	A\$	A\$
Cash flows from operating activities					
Interest received		5,121	6,886	5,121	6,886
Research and development tax incentive		154,003	344,974	154,003	344,974
Payments to suppliers and employees		(663,401)	(625,210)	(511,670)	(625,210)
Net cash applied to operating activities	14	(504,277)	(273,350)	(352,546)	(273,350)
Cash flows from investing activities					
Loans to subsidiaries		-	-	(167,830)	-
Prospecting expenditure		(71,123)	(55,179)	(55,024)	(55,179)
Net cash from interest in joint venture		5,032	-	-	-
Net cash applied to investing activities		(66,091)	(55,179)	(222,854)	(55,179)
Cash flows from financing activities					
Issue of options		-	-	-	-
Issue of shares		441,798	260,000	441,798	260,000
Share issuing costs		(35,298)	(16,532)	(35,298)	(16,532)
Net cash provided from financing activities		406,500	243,468	406,500	243,468
Net (decrease)/increase in cash and cash equivalents held		(163,868)	(85,061)	(168,900)	(85,061)
Cash and cash equivalents at the beginning of the year		278,511	363,572	278,511	363,572
Cash and cash equivalents at the end of the year		114,643	278,511	109,611	278,511
Cash comprises:					
Cash at bank		114,643	278,511	109,611	278,511
Short term deposits		-	-	-	-
		114,643	278,511	109,611	278,511

Notes to and Forming Part of the Financial Statements

1. Statement of accounting policies

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

Broken Hill Prospecting Limited is an issuer for the purposes of the Financial Reporting Act 2013. The financial statements of Broken Hill Prospecting Limited have been prepared in accordance with the Financial Reporting Act 2013.

The group consists of Broken Hill Prospecting Limited and its 100% owned subsidiaries. A list of the subsidiaries is provided in Note 21. These financial statements comprise the separate financial statements of the parent 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 authorise these financial statements for issue on 29 September 2015.

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.

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\$).

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: Changes and amendments to the following standards, which are required to be adopted for accounting periods beginning on or after 1 January 2014, have been adopted:

- IAS 27 *Separate Financial Statements - Investment Entities*
- NZ IFRIC 21 *Leases*

There have been no changes to the financial statements as a result of these changes and amendments.

New Standards and amendments not adopted early:

- NZ IFRS 9 *Financial Instruments* (effective for accounting periods beginning on or after 1 January 2018)

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

- a. 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.

- b. Income taxation:** The income tax expense charged to the consolidated statement of comprehensive income includes both the current year's provision and the income tax effect of taxable temporary differences and deductible temporary differences to the extent that it is probable that they will be utilised.

Income tax benefits and deferred tax assets are recognised only to the extent that it is probable there will be future taxable profit to utilise them.

- c. 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.

Notes to and Forming Part of the Financial Statements – continued

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 income statement 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 receivable is not materially different from estimated realisable value.

- d. Prospecting costs:** Acquisition, exploration and development costs of prospects held by the Company at balance date are capitalized as deferred expenditure.
- e. Mining tenements:** Prospecting expenditure and mining tenements are initially recorded at cost. When a tenement is capable of sustaining commercial mining operations, the value or cost will be amortised over the expected productive life of the mine. In the event where exploration demonstrates a permit area is no longer prospective for economically recoverable reserves, the value or cost of the tenement is immediately recognised as an expense in the statement of comprehensive income.
- f. Impairment:** At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication of impairment. If the recoverable amount of an asset is less than its carrying amount, the item is written down to its recoverable amount and the write down recognised as an expense in the statement of comprehensive income. The recoverable amount is the higher of fair value less costs to sell and value to use.

- g. 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.

- h. 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.

- i. Property, plant, and equipment:** The Company 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

- j. 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.
- k. 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.
- l. Leases:** The Company leases certain plant and equipment. 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.
- m. Earnings per share:** The Company presents basic and diluted 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.
- n. Consolidation:** The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries over which the Parent 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 Parent Company's separate financial statements, the investment in subsidiaries is stated at cost less any impairment losses.
- o. Restoration and rehabilitation provisions:** Both for close down and restoration and for environmental clean up costs from exploration programs, if any, a provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

Notes to and Forming Part of the Financial Statements – continued

2. Taxation

	Consolidated		Parent	
	2015 A\$	2014 A\$	2015 A\$	2014 A\$
Accounting profit/(loss) before taxation	(31,844)	(533,403)	(327,752)	(533,403)
Prima facie income tax (benefit) at 30% (2014: 30%)	(9,553)	(160,021)	(98,326)	(160,021)
Add (subtract) tax effect of permanent differences	(114,216)	(169,244)	(114,240)	(169,244)
Tax losses not recognised	(123,769)	(329,265)	(212,566)	(329,265)
Temporary differences not recognised	(137,916)	(17,717)	(17,147)	(17,717)
Income tax expense (benefit) not recognised	(261,685)	(346,982)	(229,713)	(346,982)

Deferred tax and income tax benefits are not recognised unless a future taxable profit 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 dual 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:

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

The Company is not part of a consolidated group for tax purposes. Carried forward losses of the parent entity are A\$4,530,886 (2014: A\$4,366,317), carried forward losses of the consolidated entity are A\$4,637,460 (2014: A\$4,366,317) both calculated before R&D adjustments.

There were no movements through the Company's imputation credit account during the year. The balance at 30 June 2015 was A\$nil (2014 – A\$nil).

3. Revenue

	Consolidated		Parent	
	2015 A\$	2014 A\$	2015 A\$	2014 A\$
Interest received	5,121	6,692	5,121	6,692
Management fees	9,985	-	-	-
Research and development tax incentive	154,003	344,974	154,003	344,974
Total revenue	169,109	351,666	159,124	351,666

Notes to and Forming Part of the Financial Statements – continued

4. Administrative and exploration expenses

	Consolidated		Parent	
	2015 A\$	2014 A\$	2015 A\$	2014 A\$
Auditors' remuneration – auditing the accounts	(21,649)	(20,745)	(21,649)	(20,745)
Management fees	(170,770)	(241,250)	(132,630)	(241,250)
Accounting, secretarial, legal	(164,921)	(125,576)	(139,985)	(125,576)
Consulting fees	(49,612)	(38,333)	(49,612)	(38,333)
Directors' fees	(55,240)	(75,000)	(55,240)	(75,000)
Depreciation	(424)	(424)	(424)	(424)
Other administrative and exploration expenses	(93,640)	(124,830)	(87,336)	(124,830)
Total administrative and exploration expenses	(556,256)	(626,158)	(486,876)	(626,158)

The total amount of donations made by the company and the group during the year ended 30 June 2015 was A\$nil (2014 - A\$nil).

5. Property plant & equipment

	Consolidated		Parent	
	2015 A\$	2014 A\$	2015 A\$	2014 A\$
Office equipment				
Opening balance	622	1,046	622	1,046
Depreciation	(424)	(424)	(424)	(424)
Total office equipment	198	622	198	622
Total property plant & equipment	198	622	198	622

6. Intangible assets

	Consolidated		Parent	
	2015 A\$	2014 A\$	2015 A\$	2014 A\$
Prospecting costs and mining tenements				
Balance at the beginning of the year	2,036,907	2,239,489	2,036,907	2,239,489
Exploration and evaluation expenses	457,585	56,329	55,024	56,329
Exploration costs written off	-	(258,911)	-	(258,911)
Balance at year end	2,494,492	2,036,907	2,091,931	2,036,907

Prospecting expenditure including exploration and evaluation expenditure is recorded as an intangible asset and carried at historic cost less any adjustment for impairment.

The ultimate recovery of the investment in mining tenements is dependent on the establishment of economic operations or the realisation of the entity's economic interest in the relevant mining tenement.

In accordance with NZ IFRS 6 the 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.

Notes to and Forming Part of the Financial Statements – continued

7. Trade and other payables

	Consolidated		Parent	
	2015 A\$	2014 A\$	2015 A\$	2014 A\$
Current				
Trade payables	127,219	1,097	46,931	1,097
Other payables and accrued expenses	27,476	21,160	25,588	21,160
	154,695	22,257	72,519	22,257
Amounts due to group				
Current				
Due to subsidiaries			2,000	3,000

8. Related parties

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

	Consolidated		Parent	
	2015 A\$	2014 A\$	2015 A\$	2014 A\$
Transactions with related parties				
Directors related entities				
Amounts paid and payable to entities related to Directors for consulting and other services	1,280	4,460	1,280	4,460

	Consolidated & Parent			
	2015		2014	
Identification of related parties	No. of shares	%	No. of shares	%
Including share and option holdings				
So Co Limited	34,371,000	35%	34,371,000	39%
New Talisman Gold Mines Limited	17,929,000	18%	17,929,000	20%
Other Directors and Director related entities	5,000	-%	2,667,221	3%
Non-related parties	47,099,617	47%	33,392,439	38%
Total shares on issue	99,404,617	100%	88,359,660	100%
	No. of options		No. of options	
So Co Limited	17,185,000	35%	17,185,000	44%
New Talisman Gold Mines Limited	8,964,000	18%	8,964,000	23%
Other Directors and Director related entities	5,000,000	10%	9,370,000	24%
Non-related parties	18,545,957	37%	3,131,000	8%
Total options on issue	49,694,957	100%	38,650,000	100%

Matthew Hill is a Director of So Co Limited and Director and shareholder of New Talisman Gold Mines Limited. Dr Ian Pringle is a Director of New Talisman Gold Mines Limited.

Notes to and Forming Part of the Financial Statements – continued

Related parties balances	Consolidated		Parent	
	2015 A\$	2014 A\$	2015 A\$	2014 A\$
Amounts due to related parties				
Current liabilities				
Payable to subsidiaries	-	-	2,000	3,000
Payable to Directors' related entities	22,073	23,310	14,818	23,310
Total due to related parties	22,073	23,310	16,818	26,310

In addition, A\$22,125 was due to related parties by the Joint Venture with Relentless Resources.

No related party debts were written off during the year.

9. Directors' and employees remuneration

2015	A\$	Consolidated		A\$	A\$
		A\$	A\$		
Directors' fees	Fixed Fees	Contribution Option Plan	Consulting and Management Fees	Total	
FC O'Connor	25,000	-	-	25,000	
RG Barnes (retired 19 November 2014)	7,740	-	-	7,740	
MG Hill	22,500	-	-	22,500	
	55,240	-	-	55,240	
Managing Director's remuneration					
IJ Pringle	-	-	132,630	132,630	
I Spence	-	-	15,125	15,125	
Other consultancy					
I Pringle	-	-	23,015	23,015	
I Spence	-	-	30,774	30,774	
R G Barnes	-	-	2,400	2,400	
	55,240	-	203,944	259,184	
2014	A\$	A\$	A\$	A\$	
Directors' fees	Fixed Fees	Contribution Option Plan	Consulting and Management Fees	Total	
FC O'Connor	25,000	-	-	25,000	
PR Atkinson (retired 15 November 2013)	7,500	-	-	7,500	
GG Hill (retired 30 June 2014)	22,500	-	-	22,500	
RG Barnes	20,000	-	3,715	23,715	
MG Hill	-	-	-	-	
	75,000	-	3,715	78,715	
Managing Director's remuneration					
IJ Pringle	-	-	241,250	241,250	
	75,000	-	244,965	319,965	

Notes to and Forming Part of the Financial Statements – continued

In addition, the following amounts were paid and payable to related parties by the Company's Joint Venture with Relentless Resources Limited:

Managing Director's remuneration	2015 A\$	2014 A\$
IJ Pringle	74,015	-
I Spence	28,437	-
	102,452	-

2015	A\$	Parent A\$	A\$	A\$
Directors' fees	Fixed Fees	Contribution Option Plan	Consulting and Management Fees	Total
FC O'Connor	25,000	-	-	25,000
RG Barnes (retired 19 November 2014)	7,740	-	-	7,740
MG Hill	22,500	-	-	22,500
	55,240	-	-	55,240
Managing Director's remuneration				
IJ Pringle	-	-	132,630	132,630
Other consultancy				
I Spence	-	-	30,774	30,774
R G Barnes	-	-	2,400	2,400
	55,240	-	165,804	221,044

2015	A\$	A\$	A\$	A\$
Directors' fees	Fixed Fees	Contribution Option Plan	Consulting and Management Fees	Total
FC O'Connor	25,000	-	-	25,000
PR Atkinson (retired 15 November 2013)	7,500	-	-	7,500
GG Hill (retired 30 June 2014)	22,500	-	-	22,500
RG Barnes	20,000	-	3,715	23,715
MG Hill	-	-	-	-
	75,000	-	3,715	78,715
Managing Director's remuneration				
IJ Pringle	-	-	241,250	241,250
	75,000	-	244,965	319,965

Remuneration of employees: The number of employees, who are not Directors, whose remuneration and benefits exceeded A\$100,000 during the financial year, was nil (2014: nil).

Notes to and Forming Part of the Financial Statements – continued

10. Receivables and prepayments

	Consolidated		Parent	
	2015 A\$	2014 A\$	2015 A\$	2014 A\$
Trade receivables	4,154	-	-	-
GST refundable	49,322	16,664	9,108	16,664
Accrued income	6,208	51	-	51
Prepayments	92,289	17,694	92,289	17,694
	151,973	34,409	101,397	34,409

Amounts due from group

Current

Due from subsidiary – Broken Hill Minerals	166,830	-
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All financial assets are within the contracted terms.

11. Share-based payments

There were no share based payments during the year.

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		Parent	
	Number of options	WAEP A\$	Number of options	WAEP A\$
	2015	2015	2014	2014
Options outstanding as at 1 st July	9,900,000	0.20	9,900,000	0.20
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Options outstanding as at 30 June	9,900,000	0.20	9,900,000	0.20

All outstanding options are vested and exercisable.

The weighted average contractual life of options outstanding at year-end was 0.64 years (2014: 1.64 years). The exercise price for the options outstanding at the year end was A\$0.20 (2014: A\$0.20). Share based payments that were included in the statement of comprehensive income were nil (2014: nil).

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

12. Retained earnings/(carried forward losses)

	Consolidated		Parent	
	2015 A\$	2014 A\$	2015 A\$	2014 A\$
Balance at the beginning of the year	(3,233,029)	(2,699,626)	(3,233,029)	(2,699,626)
Profit/(loss) for the year	(31,844)	(533,403)	(327,752)	(533,403)
Balance at the end of the year	(3,264,873)	(3,233,029)	(3,560,781)	(3,233,029)

Notes to and Forming Part of the Financial Statements – continued

13. Share capital

	Consolidated		Parent	
	2015 A\$	2014 A\$	2015 A\$	2014 A\$
99,404,617 Ordinary shares – (2014: 88,359,660)	5,831,688	5,425,188	5,831,688	5,425,188

Movement in share capital	No. of shares	A\$	No. of shares	A\$
Share capital at 30 June 2013	82,581,900	5,181,720	82,581,900	5,181,720
Movements during the year ended 30 June 2014:				-
13 May 2014 share issue	5,777,760	260,000	5,777,760	260,000
Share issue costs		(16,532)		(16,532)
Share capital at 30 June 2014	88,359,660	5,425,188	88,359,660	5,425,188
Movements during the year ended 30 June 2015:	11,044,957	441,798	11,044,957	441,798
12 November 2014 share issue				
Share issue costs		(35,298)		(35,298)
Share capital at 30 June 2015	99,404,617	5,831,688	99,404,617	5,831,688

Movement in options	No. of options	A\$	No. of options	A\$
Options at 30 June 2013	49,840,950	133,200	49,840,950	133,200
17 February 2014 options expired	(11,190,950)	-	(11,190,950)	-
Options at 30 June 2014	38,650,000	133,200	38,650,000	133,200
12 November 2014 options issued (expire 12 November 2019, ex. Price 8 cents)	11,044,957	-	11,044,957	-
Options at 30 June 2015	49,694,957	133,200	49,694,957	133,200

The Company's capital is managed with the objective of maintaining adequate working capital so that all obligations can be met on time. All components of equity are regarded as "capital". All internal capital management objectives have been met.

All shares have equal voting rights and will share equally in dividends and surplus on winding up. Ordinary shares have no par value and are fully paid up. All authorised shares have been issued.

14. Reconciliation of operating cash flow & net income

	Note	Consolidated		Parent	
		2015 A\$	2014 A\$	2015 A\$	2014 A\$
Net income / (loss)		(31,844)	(533,403)	(327,752)	(533,403)
Add (less) non-cash items:					
Depreciation		424	424	424	424
Exploration costs written off		-	258,911	-	258,911
Share of loss in joint venture	20c	44,697	-	-	-
Profit on disposal of interest in tenement	20b	(400,000)	-	-	-
Add (less) movement in working capital:					
Increase (decrease) in payables and accruals		95,009	6,872	41,770	6,872
Decrease (increase) in security deposits		(95,000)	(10,000)	-	(10,000)
Decrease (increase) in trade receivables		(4,154)	-		
Decrease (increase) in other receivables		51	(51)	51	(51)
Decrease (increase) in prepayments		(74,594)	242	(74,594)	242
Decrease (increase) in accrued income		(6,208)	194	-	194
Decrease (increase) in GST receivable		(32,658)	3,461	7,555	3461
		(504,277)	(273,350)	(352,546)	(273,350)

Notes to and Forming Part of the Financial Statements – continued

15. Financial instruments:

Credit Risk: Financial instruments which potentially subject the Company 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 Company has no direct exposure to foreign currency exchange risk as transactions from normal trading activities are mainly denominated in Australian currencies. The Company only holds funds in Australian currency bank accounts.

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

Interest Rate Risk: The Company currently has little exposure to interest rate 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.

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

16. Segment information:

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

17. Earnings per share

	Note	Consolidated		Parent	
		2015 A\$	2014 A\$	2015 A\$	2014 A\$
Profit/(loss) from continuing operations		A\$(31,844)	A\$(533,403)	A\$(327,752)	A\$(533,403)
Weighted average number of shares on issue		95,319,496	83,341,715	95,319,496	83,341,715
Basic earnings/(loss) per shares		(0.03) cents	(0.64) cents	(0.34) cents	(0.64) cents
Diluted average shares on issue		149,099,574	129,104,867	149,099,574	129,104,867
Diluted earnings/(loss) per share		(0.02) cents	(0.41) cents	(0.23) cents	(0.41) cents

Earnings/(loss) 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.

18. 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.

	Note	Consolidated		Parent	
		2015 A\$	2014 A\$	2015 A\$	2014 A\$
Not later than 1 year		283,085	216,000	159,005	216,000
Later than 1 year but not later than 5 years		237,863	361,737	202,192	361,737
Later than 5 years		-	-	-	-
		520,948	577,737	361,277	577,737

19. Security deposits

	Note	Consolidated		Parent	
		2015 A\$	2014 A\$	2015 A\$	2014 A\$
Security deposits for tenements		115,000	20,000	20,000	20,000
		115,000	20,000	20,000	20,000

20. Joint Ventures

- On 22 January 2015 Broken Hill Minerals Pty Ltd, a 100% subsidiary of the Company, signed a joint venture agreement with Relentless Resources Limited (RRL) in order to fund and manage the company's advanced Heavy Mineral Sands (HMS) projects in EL8311 and EL8312. The Joint Venture will seek to define an initial resource base of between 20-40 million tonnes of HMS with high content of heavy minerals (>8%) relative to other nearby deposits and operations. This could provide the basis for a low-cost, small footprint mining operation with higher grade feed than nearby operating mines (Cristal's Ginkgo and Snapper mines and Murray Zircon's Mindarie mine) which have average HMS grades of between 3.6% HM and 3.9% HM.

RRL will make staged payments totaling A\$2,000,000 to earn a 50% participating interest in the Joint Venture. As at 30 June 2015

Notes to and Forming Part of the Financial Statements – continued

RRL had made an initial payment of A\$500,000 earning 20% in the Joint Venture. Since then, up to the date of this report, RRL made additional payments of A\$1,000,000 earning an additional 20% (total of 40%). As at 30 June 2015 the joint venture incurred total expenditures of A\$592,723 including exploration and evaluation expenditure. As at 30 June 2015 the Company had an 80% participating interest in the Joint Venture.

- b.** In accordance with NZ IFRS 11 the group recognised a gain of A\$400,000 from the disposal of 20% interest in the tenements EL8311 and EL8312.
- c.** Interest in this joint venture has been included in the consolidated financial statements:

		Consolidated		Parent	
	Note	2015 A\$	2014 A\$	2015 A\$	2014 A\$
Current assets					
Cash and cash equivalents		5,032	-	-	-
Trade and other receivables		38,222	-	-	-
Total current assets		43,254	-	-	-
Non-current assets					
Exploration and evaluation assets		389,541	-	-	-
Total non-current assets		389,541	-	-	-
Total assets		432,795	-	-	-
Liabilities					
Trade and other payables		117,431	-	-	-
Total liabilities		117,431	-	-	-
Net assets		315,364	-	-	-
Share of profit/(loss)		(84,636)	-	-	-
Consolidation adjustments		39,939	-	-	-
Share of profit/(loss) after consolidation		(44,697)	-	-	-

21. Interests in subsidiaries

Name of Entity	Equity held		Country of Incorporation	Activity
	2015	2014		
Broken Hill Uranium Pty Ltd	100%	100%	Australia	Inactive
Broken Hill Chemical Pty Ltd	100%	100%	Australia	Inactive
Broken Hill 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. Contingencies:

There were no contingent liabilities at balance date (2014 - nil).

23. Going Concern:

The financial report has been prepared on a going concern basis. Since 30 June 2015 the Company raised sufficient funds to ensure that expected financial obligations can continue to be met for longer than 12 months (see also note 25).

The company expects that the majority of exploration and evaluation expenses in the next financial year will be funded from joint venture partners

24. 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. The Directors have reviewed facts and circumstances surrounding the capitalised exploration expenditure and have concluded that these assets are not impaired.

25. Post balance date events:

Since the balance date, in July 2015, the company completed a fully underwritten rights issue raising A\$994,046 after issuing 24,851,154 new shares and 24,851,154 new options.

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 2015
 - a. Comply with New Zealand International Financial Reporting Standards (IFRS), and
 - b. Give a true and fair view of the economic entity's financial position as at 30 June 2015 and its performance and cash flows for the period ended on that date.
2. In the Directors opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

For and on behalf of the Board



Dr Ian Pringle
Managing Director

29 September 2015



Matthew Hill,
Director

Additional Information

Directors' Information

The following general disclosures of interests were received in relation to the year ended 30 June 2015:

Director	Relevant Interest in Ordinary Shares	Relevant Interest in Unlisted Options
IJ Pringle	Nil	4,000,000
FC O'Connor	Nil	1,000,000
MG Hill	5,000	Nil

Directors Disclosure of Interests

The following general disclosures of interests were received in relation to the year ended 30 June 2015:

Director	Entity	Status
MG Hill	New Talisman Gold Mines Limited	Director
	International Pacific Capital Limited	Director
	Hill Family Group Pty Ltd	Director & beneficiary of a trust for which it is trustee.
IJ Pringle	Mining Investments (Services) Ltd	Director
	New Talisman Gold Mines Limited	Director

Shareholder Information as at 24 August 2015

Substantial Shareholders

Name	No. of Ordinary shares	% of Ordinary Shares
So Co Limited	34,371,000	27.66%
New Talisman Gold Mines Limited	17,929,000	14.43%

Top 20 Largest Shareholders

Name	No. Ordinary Shares	% Ordinary Shares
So Co Limited	34,371,000	27.66%
New Talisman Gold Mines Limited	17,929,000	14.43%
Ellie Barikhan <Ballotta A/C>	5,830,000	4.69%
Gregorach Pty Ltd	4,440,000	3.57%
Hong Kong Far East Capital Limited	3,880,000	3.12%
Zacob Pty Ltd <R&M Biancardi A/C>	3,033,750	2.44%
IPS Nominees Limited	2,482,100	2.00%
John Wardman & Associates Pty Ltd <The Wardman Super Fund A/C>	2,438,750	1.96%
Mr Ianaki Semerdziev	1,644,000	1.32%
HSBC Custody Nominees (Australia) Ltd <Euroclear Bank SA NV A/C>	1,562,500	1.26%
Lobster Beach Pty Ltd	1,562,500	1.26%
Mr Allen John Tapp & Ms Maria Polymeneas <Super Account>	1,302,859	1.05%
Shan Holdings Ltd	1,260,000	1.01%
Alcardo Investments Limited <Styled 102501 A/C>	1,255,000	1.01%
Fitzwilliam Holdings Pty Ltd	1,250,000	1.01%
International Pacific Capital	1,185,164	0.95%
McGee Constructions Pty Ltd <McGorman Super Fund A/C>	1,095,000	0.88%
Acemac Pty Limited <Mac Super A/C>	1,029,981	0.83%
Mr Jonathan Gwynne Meyer	1,000,000	0.80%

Additional Information – continued

Mr George Matthew James Atkinson	900,000	0.72%
Totals	89,451,604	71.97%

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.

20 Largest Optionholders – Quoted Options

Name	No. Options exercisable @ 8c expiring 12/11/2019 (Quoted)	% Options (Quoted)
Ellie Barikhan <Ballotta A/C>	5,830,000	16.24%
Hong Kong Far East Capital Limited	3,880,000	10.81%
Zacob Pty Ltd <R&M Biancardi A/C>	3,033,750	8.45%
Gregorach Pty Ltd	2,615,000	7.28%
IPS Nominees Limited	2,482,100	6.91%
John Wardman & Associates Pty Ltd <The Wardman Super Fund A/C>	2,138,750	5.96%
Gregorach Pty Ltd	2,065,400	5.75%
Lobster Beach Pty Ltd	1,562,500	4.35%
Fitzwilliam Holdings Pty Ltd	1,250,000	3.48%
International Pacific Capital	1,175,164	3.27%
Mr Jonathan Gwynne Meyer	1,000,000	2.79%
McGee Constructions Pty Ltd <McGorman Super Fund A/C>	995,000	2.77%
Beirne Trading Pty Ltd	771,482	2.15%
Bangalow Investments Pty Ltd	625,000	1.74%
Mr Christopher Geoffrey Lancaster	625,000	1.74%
Mr Steven Valtas + Mrs Helen Nina Valtas	500,000	1.39%
Mr Ianaki Semerdziev	467,899	1.30%
Mr Ulrich Muco	350,000	0.98%
Mr Allen John Tapp & Ms Maria Polymeneas <Super Account>	346,572	0.97%
HSBC Custody Nominees (Australia) Ltd <Euroclear Bank SA NV A/C>	312,500	0.87%
Totals	32,026,117	89.20%

Distribution of Equity Securities

Size of Holding	Ordinary shares	Options exercisable @ 8c expiring 12/11/2019 (Quoted)	Options exercisable @ 20c expiring 17/2/2016 (Unquoted)
1 – 1000	10	2	-
1,001 – 5,000	24	42	-
5,001 – 10,000	169	18	-
10,001 to 100,000	244	48	10
100,001 and over	104	30	15
TOTAL	551	140	25
Number of securities	124,255,771	35,896,111	38,650,000

The number of holders of ordinary shares that held unmarketable parcels was 240.

Holders of Unquoted Options as at 24 August 2015

Holders of more than 20% of options and number of options held are: So Co Limited 17,185,500, New Talisman Gold Mines Limited 8,464,500, Trinity Management Pty Ltd 9,000,000.

Additional ASX Disclosure Requirements

1. The Company is incorporated in New Zealand.
2. 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).
3. 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.
4. The Corporate Governance Statement is listed in our website at <http://www.bhpl.biz/investor-centre/corporate-governance/>



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