BROKEN HILL PROSPECTING LIMITED
(Incorporated in New Zealand)
NZ Company Number: 322887, NZ Overseas Issuer Number: 2541657
NZ Financial Services Provider Number: FSP32949
ARBN: 003 453 503 (Australia)
ABN: 83 003 453 503 (Australia)

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

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CORPORATE DIRECTORY

Directors

F Creagh O'Connor (Non-Executive Chairman)
Anthony (Trangie) Johnston (Managing Director)
Denis Geldard (Non-Executive Director)
Geoffrey Hill (Non-Executive Director)
Matthew Hill (Non-Executive Director)

Company Secretary

Ian Morgan

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Auditor

Nexia Sydney Audit Pty Ltd
Level 16
1 Market Street
Sydney NSW 2000

Bankers

National Australia Bank
Commonwealth Bank of Australia

Listed Securities

Australian Securities Exchange:
Code BPL (shares)
Code BPLO (options)

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide, South Australia 5000
Phone: 1300 555 159 (within Australia)
(+61 3) 9415 4062 (outside Australia)
www.computershare.com.au

Website

www.bhpl.net.au

Interests in Mining Tenements

As at 20 September 2019

Tenement Name	Tenement Type and Number	Location	Group Ownership
Pine Ridge	Exploration Licence-EL6622*	Broken Hill NSW Australia	100%*
Felspar Creek	Exploration Licence-EL8143*	Broken Hill NSW Australia	100%*
Pyrite Hill	Mining Lease-ML86*	Broken Hill NSW Australia	100%*
Big Hill	Mining Lease-ML87*	Broken Hill NSW Australia	100%*
Broken Hill NW	Exploration Licence EL8775	Broken Hill NSW Australia	100%
Triple Chance	Exploration Licence EL8774	Broken Hill NSW Australia	100%
Main Line	Exploration Licence EL8773	Broken Hill NSW Australia	100%
Tyrell Ridge	Exploration Licence-EL6614	Mildura NSW Australia	100%
Tararra	Exploration Licence-EL8558	Mildura NSW Australia	100%
Central Para	Exploration Licence-EL8559	Mildura NSW Australia	100%
Euston South	Exploration Licence-EL8649	Mildura NSW Australia	100%
Euston North	Exploration Licence-EL8650	Mildura NSW Australia	100%
Birchip	Exploration Licence-EL006583	Victoria Australia	100%
Warrachnabeal	Exploration Licence-EL006584	Victoria Australia	100%
Ouyen	Exploration Licence-EL006585	Victoria Australia	100%
Dangalli North	Exploration Licence-EL6139	South Australia Australia	100%
La Paz	Mineral Exploration Permits 08 – 120965	Arizona United States	100%

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

CHAIRMAN'S MESSAGE

Dear Fellow Shareholders,

Welcome to the 2019 Annual Report for Broken Hill Prospecting Limited (ASX: BPL). Our Company faced some challenges during the year, which are not uncommon for junior exploration companies such as ours while working to advance development of early-stage projects, as we are at the mercy of changing market conditions and investor appetites. We fared these challenges as well as possible and we are now looking towards new opportunities.

BPL is focused on the discovery and development of strategic mineral resources including heavy mineral sands (HMS) in and base, precious and industrial metals. During 2019, we worked to advance exploration of these in two primary geographical areas – the Murray Basin region of Victoria/NSW/SA and the Broken Hill region of NSW. However, late in the year our Board and Management team undertook a strategic review of our assets to identify how we could create additional value for our shareholders.

Subsequent to year-end, we announced plans to acquire the advanced La Paz rare earth project in Arizona, USA. This resulted from our review which identified opportunities to expand our portfolio in the strategic technology metals space. Rare earth elements (REEs) and oxides (REOs) are of growing significance in the US, where the government has mandated them to be critically strategic and growing tension between the USA and China, which dominates REE production, has only served to highlight the USA's need to secure its own supply. BPL was able to acquire this project at a minimal cost (~A$80,000) and it offers our shareholders exposure to this critical US market.

We view La Paz as a very large bulk rare earth project, hosting light rare earths, which are integral for production of batteries for the electric vehicle market, the aerospace and energy sectors and for everyday items such as smart phones. La Paz has already seen a significant amount of technical work including a NI 43-101 report with a substantial mineral resource estimate and preliminary metallurgical test work. We are looking forward to advancing our exploration at La Paz once we receive confirmation of project titles, which is expected soon. We've already identified some high-grade areas on which to focus early-stage exploration and we look forward to building on the project's previous work and updating it to JORC 2012 standards.

Our acquisition of La Paz followed our recognition of rare earths potential across our Murray Basin heavy mineral sands tenements as, historically, HMS have been a valuable source of rare earth elements via the separation of monazite. To help us develop the potential of this project, we have commenced discussions with several international groups who want to secure long-term in the hope of developing a partnership, and we look forward to updating shareholders on this once a favourable outcome is achieved.

Advancement on other projects in our portfolio was challenging during 2019 due to drought conditions in NSW as well as a dispute over the Thackaringa Joint Venture with partner Cobalt Blue Limited (ASX: COB). However, we look forward to resolving these matters soon and hope for more favourable weather conditions to progress these projects in the coming 12 months.

I take this opportunity to thank our Shareholders for their continued support during 2019, especially due to the tough market conditions and the poor share price performance which resulted. We expect a strong newsflow in the coming months as we get to work on the ground at La Paz as well as following up other opportunities for creating shareholder value.

I would also like to thank our fellow Directors for their guidance, and our Management and staff for their dedication and efforts through the year, particularly that of our Managing Director Anthony (Trangie) Johnston, who continues to provide our Company with strong leadership as we seek to develop our exploration projects.

We are taking an exciting new direction in 2020 and I hope that you will continue to join us on the path to success.

Creagh O'Connor AM
Chairman

DIRECTORS' REPORT

Review of Operations

La Paz Rare Earth Project, Arizona, USA

Post year-end, in August 2019, BPL announced it had formed a 100%-owned US-based subsidiary called La Paz Rare Earth LLC to acquire and develop the La Paz Rare Earth Project in La Paz County, Arizona, US, approximately 170km northwest of Phoenix (Figure 1).

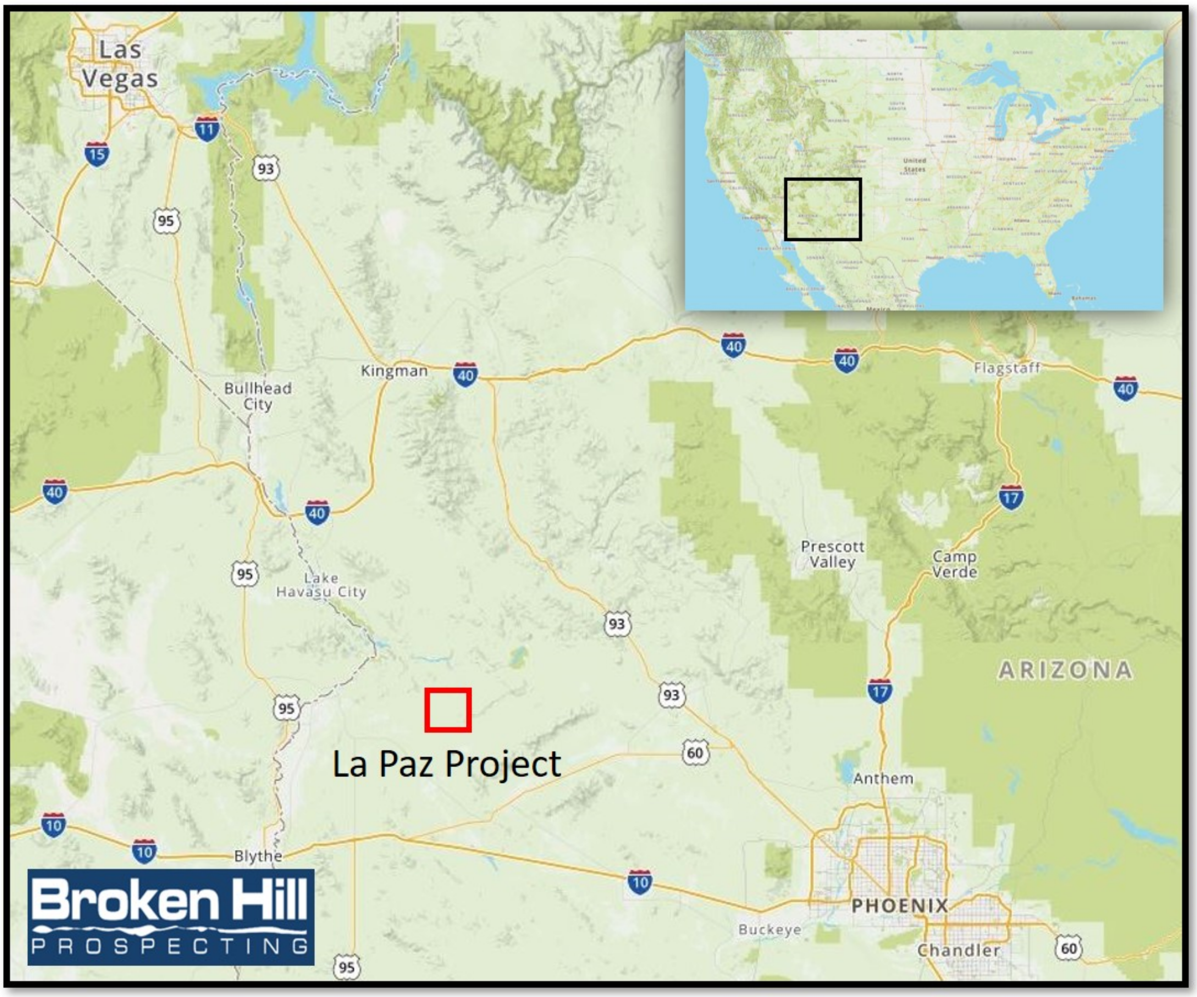

Figure 1: Location of the La Paz rare earth project, Arizona, US

La Paz Rare Earth LLC staked more than 890 hectares comprising 107 unpatented lode mining claims on federally controlled land and a prospecting permit over one section of Arizona State Trust land (259 hectares). The La Paz project was vacant ground available for mineral exploration, until La Paz Rare Earth LLC lodged lode mining claims with the Bureau of Land Management (BLM) and the prospecting permit application at the State of Arizona Land Department. Title approvals were received late September 2019 and are 100% controlled by La Paz Rare Earth LLC.

Our initial plans will include extensive mapping and re-sampling of bulk samples to progress metallurgical test work in support of technical and commercial project analysis. Additional drilling programs may be required for JORC 2012 conversion to underpin a Scoping Study to Pre-feasibility Study level analysis.

Review of Operations (continued)

Background

The La Paz area was first shown to contain rare earth elements during exploration sampling programs in mid-2010. The area is in western-central Arizona within the structural Detachment Fault Domain of the large Basin-Range Province. Mineralisation is defined by structurally controlled zones containing both pervasive epidote and epidote veinlets in micro-fractures, dominantly hosted within a foliated to brecciated quartz-feldspar granitic gneiss. Allanite, a variety of epidote, is the principal rare earth-hosting mineral.

During 2011, Australian American Mining Corporation Ltd drilled 195 percussion holes for 5,120 metres, which supported a maiden resource estimate under independent NI 43-101 guidelines. The resource displays relatively uniform distribution of total rare earth elements (TRRE) across and along strike covering a resource area 2.5 km by 1.5km. The entire deposit is exposed at surface, or lightly concealed by alluvial cover. It is open at depth and is currently defined to 30m below surface (Figure 2).

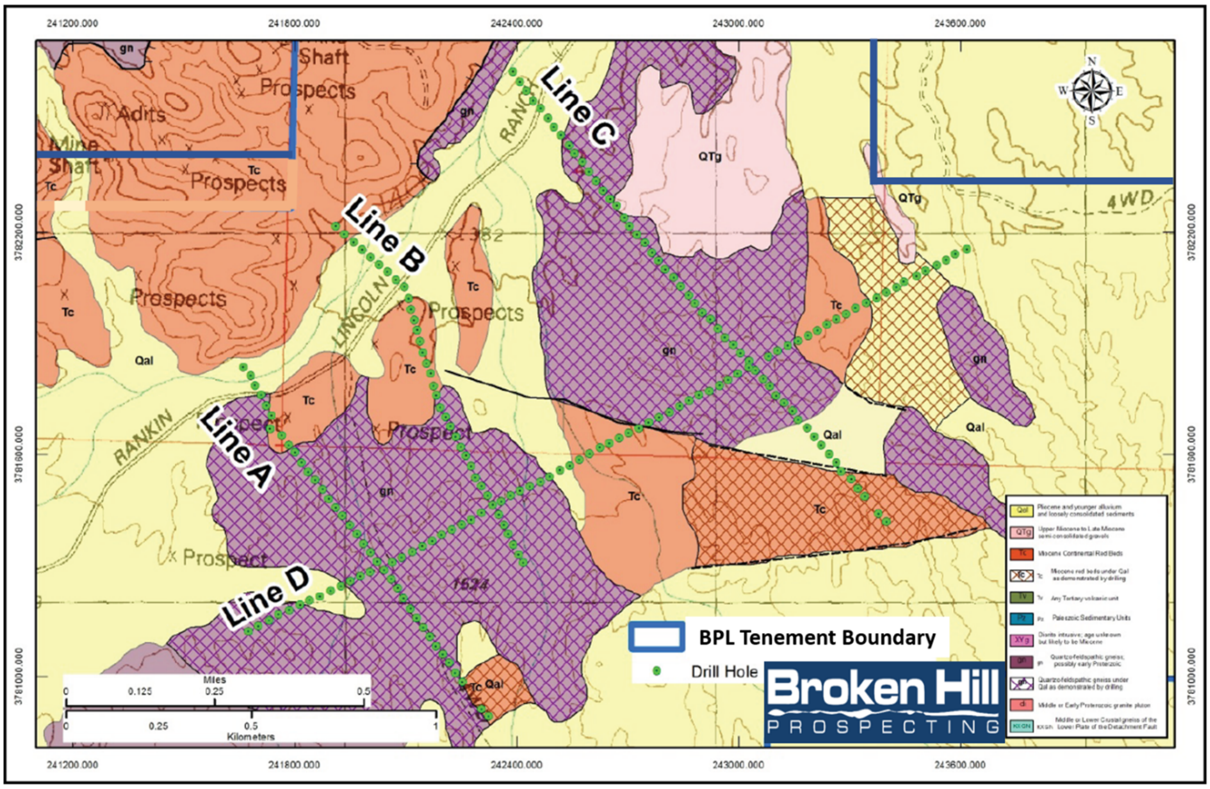

Figure 2: Outline of the area containing the maiden resource estimate reported in 2011 under NI 43-101 guidelines. BPL plans to obtain bulk samples to progress advanced metallurgical studies in FY2020 to upgrade the resource to JORC 2012 standards.

Composite and selected interval samples were submitted to leading independent groups at SGS Canada Inc (Vancouver) for mineralogical investigations (QEMSCAN, XRD and Electron Microprobe analysis) and the Saskatchewan Research Council (SRC, Saskatoon) for preliminary metallurgical test work (pre-concentration and leaching).

The maiden resource estimate and preliminary metallurgical test work formed the basis of an independent NI 43-101 report completed in late 2011. Additional metallurgical test work was completed in early 2012.

Review of Operations (continued)

Highlights from the NI 43-101 report included:

- Large tonnage deposit with relatively homogeneous TREO (Total Rare Earth Oxide) distribution amenable to open pit extraction.
- Excellent infrastructure and skilled work force in a mining friendly jurisdiction. A high voltage power line runs 11km west of the project, and a high-pressure natural gas pipeline 8km to the east. Major rivers and aqueducts are within 8km, though local ground water supplies are likely to meet any future production needs.
- Majority of TREO report to the epidote-group mineral allanite (La-Allanite).
- High reporting of valuable Light LREO (83%) to Heavy TREO (17%) with extremely low thorium/uranium content with clear environmental advantages.
- Metallurgical test work successfully concentrated allanite samples via a combined process of gravity, magnetic and flotation separation.
- Rare earth concentrate was amenable to commercially available leaching technologies, particularly H2SO4 acid roasting - dilute H2SO4 solution leaching.

Heavy Mineral Sands Project, *Vic/NSW*

BPL is the largest mineral sands tenement holder in the world-class Murray Basin HMS province (Vic/NSW) with strategic tenement acquisitions in early 2018 increasing BPL's total holdings to approximately 7,300km^2 (Figure 3).

Review of Operations (continued)

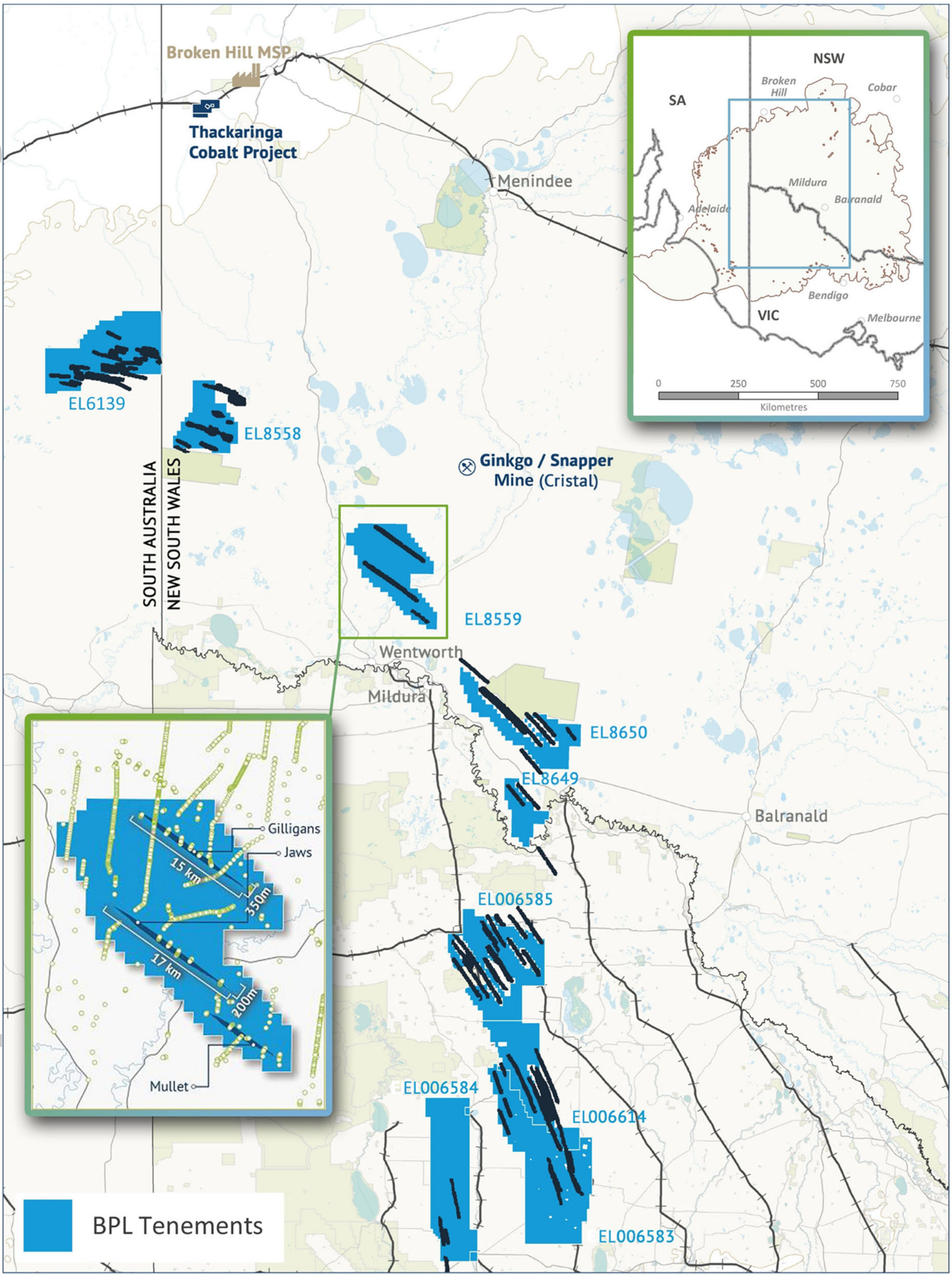

Figure 3: BPL has the largest tenement holding in the world class Murray Basin HMS province.

Review of Operations (continued)

The Company holds title over some of the most prospective exploration ground in the region in areas close to infrastructure which would be crucial to bring any HMS discovery into production. There is considerable opportunity for valuable new discoveries by testing new geophysical targets, including interpreted extensions to known deposits, and through the follow-up of isolated and/or poorly understood HM intercepts from historical drill programs.

BPL aims to define and upgrade Mineral Resources at existing and newly discovered deposits on its leases through a modest component of infill drilling, guided by the existing high-quality drilling databases and geophysics.

In the September quarter, it commenced assessment of five new Murray Basin exploration licenses (EL006583; EL006584; EL006585; EL006614 & EL6139). This included district-scale targeting and target ranking in Ouyen district in Victoria, a proven mineral sands district which hosts large current and recently ceased HMS mining operations including Kulwin and Woornack-Rownack-Pirro (WRP) of Iluka Resources Ltd.

Modern aeromagnetics data covering more than 60% of BPL's Victorian HMS tenements was reprocessed with state-of-the-art filters specifically developed for HMS exploration (Figure 4). About 150 linear magnetic anomalies were interpreted in the filtered magnetics, with 43 regarded as having significant potential and prioritised for drill testing. The highest priority targets include:

- Extensions to the Pirro deposit mined by Iluka Resources.
- Extensions of the Gypsum and Tempy strands south of Ouyen.
- Testing of the Roselyn and Curyo strandlines of the Curyo area.

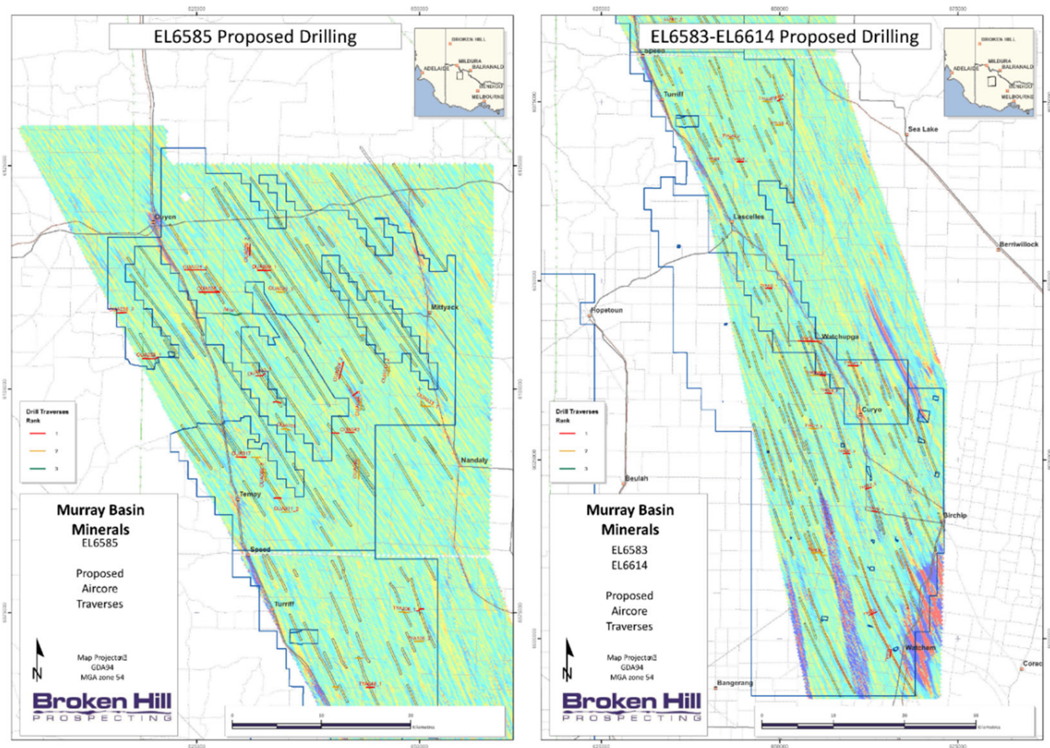

Figure 4: Interpreted magnetic anomalies for the Ouyen and Tyrrell Ridge HMS districts with high priority drill traverses.

In the June quarter, BPL reported it was assessing the viability of extracting valuable rare earth minerals (monazite) within these tenements. Historically, HMS have been a valuable source of rare earth elements via the separation of monazite. BPL's previous metallurgical test work within the Murray Basin has demonstrated excellent extraction characteristics of monazite and the Company commenced assessment of new processing and leaching technologies that could be suitably deployed.

To progress development of its Murray Basin HMS portfolio, BPL undertook activities to promote and seek partners and it received approaches from several international groups, from China, India and the Middle East, seeking to secure long term supplies of HMS from safe jurisdictions, such as Australia.

Review of Operations (continued)

Broken Hill Base and Precious Metals

In August 2018, BPL was granted three exploration licences in the Broken Hill district, significantly increasing the Company's exposure to this world-class mineral province. The tenements cover 209km^2 of under-explored ground with numerous base, precious and industrial mineral prospects (Figure 5). The three new areas augmented the Company's existing rights to base and precious metals at the Thackaringa Cobalt Project and represent a strategic broadening of BPL's exploration focus in the Broken Hill Region. Rocks of the Broken Hill Group, which host the giant Broken Hill Pb-Zn-Ag orebody comprising 300Mt of ore containing 30Mt Pb, 24Mt Zn, 1Boz Ag and 1Moz Au, are widely distributed across the tenement portfolio.

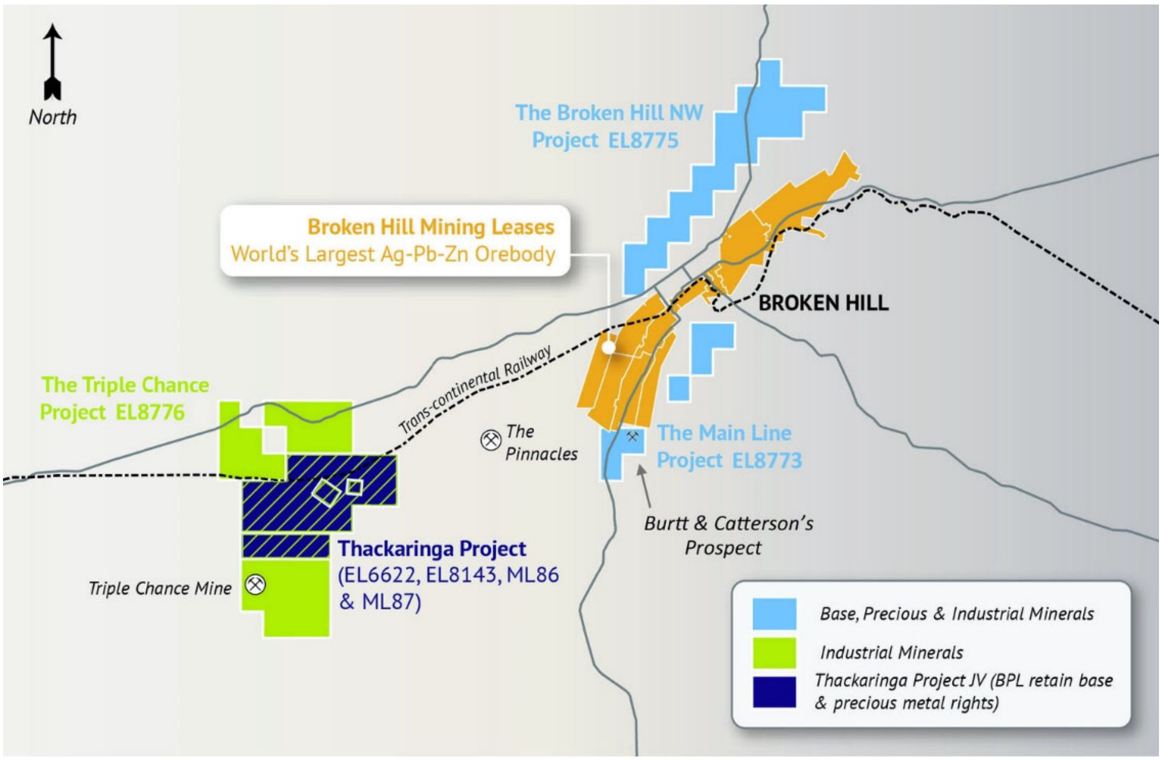

Figure 5: BPL's extensive tenement portfolio in the world-class Broken Hill Province.

BPL prioritised multiple prospects for further exploration, including the Burtt & Catterson's prospect, a tenement along strike from the world-class Broken Hill Line of Lode which covers the Burtt & Catterson's workings, approximately 8.5km southwest of Broken Hill. The Burtt & Catterson's mineralisation occurs in rocks of the Cues Formation (Thackaringa Group), and is regarded as 'Great Eastern' type, where copper and cobalt sulphides are associated with metamorphosed chemical sediments, including pyritic siliceous ironstone and blue quartz–garnet rocks. Three diamond holes were drilled at the prospect in the 1950s, with only cursory surface exploration since then.

BPL re-assayed historical 1957 drill core and results confirmed significant copper-cobalt mineralisation at the Burtt & Catterson's Prospect. Re-assayed results included:

- 4.7m at 690ppm Co and 0.18% Cu from 121.3m in 57BC-1;
- 5.5m at 0.34% Cu from 234.2m in 57BC-2

Three 1957 diamond drill holes were geologically logged in detail, with mineralisation confirmed to be closely associated with blue quartz–garnet 'lode' horizons within the Fe-rich Cues Formation. The host meta-sediments are particularly garnet-rich with abundant disseminated pyrite. This improved understanding of the mineralisation and host sequence allows comparison with BPL's targets on the Thackaringa leases (EL6622 and EL8143) and other regionally significant prospects as more data becomes available. Other deposits in Thackaringa Group rocks include the Big Hill, Pyrite Hill and Railway pyrite–cobalt deposits, the Pinnacles Pb–Zn–Ag orebody and Silver City Minerals Ltd's Copper Blow project.

Review of Operations (continued)

Planned geophysical surveys at Thackaringa base & precious metal prospects (Pyramid and Himalaya North) were delayed due to severe drought conditions.

BPL planned on-ground reconnaissance work at the prospect including geological traversing and sampling, however planned mapping and geochemical sampling programs at the Burtt and Catterson's (Cu-Co) Prospect on EL 8773 were deferred.

Thackaringa Cobalt Project

A Pre-Feasibility Study (PFS) for the Thackaringa Cobalt Project was delivered early in the year, confirming that the project was of global significance as a sustainable, low-cost source of high purity cobalt sulphate.

The project has a maiden Probable Ore Reserve of 46.3Mt @ 819 ppm cobalt and a Production Target (Potential Upside Mining Case) of 58.7Mt @ 802ppm cobalt.

The PFS outlined excellent potential to increase resource base and mine life, with current Mineral Resource of 72Mt at 852ppm cobalt (Co), 9.3% sulphur (S) & 10% iron (Fe). Just 5.5km of a potential 40km strike length of the Himalay Formation cobalt pyritic host unit has been drill tested.

Under the terms of BPL's Joint Venture agreement with Cobalt Blue Holdings Ltd (ASX: COB), COB was entitled to earn an interest up to 100% of the Thackaringa Cobalt Project if it completed a four-stage farm-in. To do so, COB was required to expend $10.9 million before 30 June 2020 and pay BPL $7.5 million in cash, with BPL entitled to receive a 2% net smelter royalty on all cobalt produced from the Thackaringa tenements for the life of mine, and retains rights to certain intellectual property developed by the TJV (Thackaringa Joint Venture).

During the September Quarter, COB advised BPL that it had satisfied the Stage 2 milestones under the TJV. A significant drilling program, comprising 15,000m, commenced with the intention to expand and upgrade the resource base.

In October, COB announced it would not proceed with the Stage 3 earn-in. However, since then, BPL has actively sought to negotiate a sensible and agreed path with COB to advance the project.

In November, BPL released a four-step plan to restore shareholder value and confidence in Thackaringa and ensure the Project's delivery. The Action Plan included:

1. Appoint a respected, professional and independent manager.
2. Correct fundamental technical and commercial deficiencies in the PFS considering market conditions and the major correction in commodity prices in the battery space.
3. Jointly determine the appropriate scope and standard for the next stage of the Project.
4. Both companies utilising available cash resources effectively and prudently achieve these goals**.**

Seven disputes related to numerous TJV matters are under negotiation with COB, and include: the recent drilling campaign, role of COB as manager, dilution formula, stage 2 satisfaction, NSR calculation, 51% title transfer and dilution of BPL out of the TJV. These disputes are progressing through the dispute resolution process and remain unresolved.

COB and BPL are seeking an Independent Expert determination to resolve matters in dispute regarding the Thackaringa JV. As of September 2019, the Independent Expert is yet to provide a determination on outstanding issues.

Review of Operations (continued)

Competent Person's Statement

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

Board of Directors

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

F Creagh O'Connor	Non-Executive Chairman	Appointed 22 June 2000
Anthony (Trangie) Johnston	Managing Director	Appointed 18 January 2018
Denis Geldard	Non-Executive Director	Appointed 3 August 2015
Geoffrey Hill	Non-Executive Director	Appointed 27 August 2015
Matthew Hill	Non-Executive Director	Appointed 14 March 2012

Directors' Meetings: The number of meetings of the Board of Directors and Audit Committee held during the year ended 30 June 2019 and the numbers of meetings attended by each director were:

	Board of Directors		Audit Committee		Remuneration Committee	
Directors:	*Eligible to attend*	*Attended*	*Eligible to attend*	*Attended*	*Eligible to attend*	*Attended*
FC O'Connor	9	9	2	2	1	1
AJ Johnston	9	9	-	-	-	-
MG Hill	9	8	2	2	-	-
D Geldard	9	9	2	2	1	1
GG Hill	9	9	-	-	1	1

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

Details of Directors

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

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

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

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

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

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

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

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

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

Matthew Hill was the alternate Director for Geoffrey Hill from 14 March 2012 to 6 June 2014, when he was appointed Non-Executive Director. Matthew has over 20 years' experience in financial services and investment banking. He is currently Executive Director of publicly listed New Talisman Gold Mines Limited and was a Director of Cobalt Blue Holdings Limited from 30 June 2017 to 13 December 2018. 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.

Company Secretary

Ian Morgan: B Bus, MComLaw, Grad Dip App Fin, CA, AGIA, ACIS, F Fin, Company Secretary. Appointed 13 September 2016

Ian is a qualified Company Secretary and Chartered Accountant with over 35 years of experience in businesses operating in Australia and overseas. His experience comes from many years working in Australian financial markets, providing accounting, business management and advisory services. Ian provides company secretarial experience that can be used across industries for a range of companies and is company secretary of other public listed companies

Remuneration Report

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

Remuneration policy

The remuneration policy, which sets the terms and conditions for KMP, was developed by the Company's Remuneration Committee and approved by the Board.

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

The remuneration of the Non-Executive Chairman and Directors is paid by fixed sum plus a long-term share-option equity plan (the "Plan").

Remuneration of the Managing Director is a fixed salary package plus remuneration based on Company performance.

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

Remuneration Report (continued)

There were no options issued to management personnel during 2019, while at the Company's annual general meeting held on 21 December 2017 the Company's shareholders passed resolutions to grant:

1. Mr Matthew Hill 0.5 million unquoted options, each with an exercise price of A$0.06 expiring 10 January 2023,
2. Mr Trangie Johnston, subject to certain vesting conditions:
   (i) 3.0 million unquoted options, each with an exercise price of A$0.08 expiring 10 January 2023
   (ii) 2.0 million unquoted options, each with an exercise price of A$0.10 expiring 10 January 2023.

   These options were issued 10 January 2018.

On 2 November 2017, 2.4 million options, each with an exercise price of A$0.06, were granted to the then Chief Executive Officer, Mr A Johnston, in accordance with his entitlement to equity remuneration for the year ended 30 June 2017. These options have a five-year exercise period.

For the 2019 financial year the key management personnel of the Company consisted of the Directors of the Company and its subsidiaries.

Non-Executive Director's fees

The current maximum aggregate limit for Non-Executive Directors' fees is A$400,000 per annum. (**Limit**)

Non-Executive Directors are entitled to a base fee of A$20,000 per annum. Directors who also chair the Board and Audit Committee are respectively entitled to a further fee of A$17,500 per annum and A$2,500 per annum. There are no guaranteed annual increases in any Director's fees.

No payment as Director's fee can be made if the effect would be to exceed the Limit.

If a Non-Executive Director performs extra services which, in the opinion of non-associated 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. The remuneration would be in addition to the fees referred to above.

A non-executive Director is entitled to be paid travelling and other expenses properly incurred by them in attending Director's or general meetings of the Company or otherwise in connection with the business of the Company.

Service agreement – Managing Director

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

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

Directors and Officers insurance and indemnity

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

Remuneration Report (continued)

Details of remuneration

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

There were no options issued as remuneration during 2019, the balances of the options held by the Directors and key management personnel issued as remuneration package at year end were:

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

End of remuneration report.

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Broken Hill Prospecting Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 25 to the consolidated financial statements, which indicates that the Group incurred a net loss of $1,358,608 and had operating cash outflows of $1,286,654 for the year ended 30 June 2019. As at 30 June 2019, the Group has cash and cash equivalents of $490,509, net current assets of $404,283 and net assets of $3,224,713.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

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

These events and conditions indicate that a material uncertainty exist that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter

Exploration and evaluation expenditure
 	
Refer to note 6
At 30 June 2019, the Group has capitalised exploration assets of \$2.74m. The Group's accounting policy in respect of exploration and evaluation assets is outlined in Notes 1(h) and 1(i).
 	
This is a key audit matter because the carrying value of the assets are material to the financial statement and significant judgements have been applied in determining whether an indicator of impairment exists in relation to capitalised expenditure assets in accordance with New-Zealand Accounting Standard NZ IFRS 6 *Exploration for and Evaluation of Mineral Resources.*
	Our procedures included, amongst others:
	▪ We confirmed the existence and tenure of the exploration assets in the Projects area in which the Group has a contracted interest by obtaining confirmation of title.
	▪ In assessing whether an indicator of impairment exists in relation to the Group's exploration assets in accordance with NZ IFRS 6 – *Exploration for and Evaluation of Mineral Resources*, we:
	  • reviewed the minutes of the Company's board meetings and market announcements.
	  • tested the significant inputs in the Group's cash flow forecasts for consistency with the status of their ongoing exploration program per the areas of interest.
	▪ Discussed with management the Group's ability and intention to undertake further exploration activities.
	▪ We tested a sample of additions of capitalised exploration expenditure to supporting documentation.

Other Information

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

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

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

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

Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

Nexia

Nexia Sydney Audit Pty Limited
Sydney, Australia
30 September 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

		Consolidated	
	Note	**2019 A$**	2018 A$
Continuing operations			
Revenue	3	**35,140**	160,028
Administrative and exploration expenses	4	**(1,393,748)**	(1,689,063)
Loss for the year before income tax		**(1,358,608)**	(1,529,035)
Income tax benefit	2	**-**	8,631
Loss for the year		**(1,358,608)**	(1,520,404)
Other comprehensive income		**-**	-
Total comprehensive loss to members of the parent entity		**(1,358,608)**	(1,520,404)
Losses per Share		**Cents per share**	Cents per share
Continued operations:			
Basic loss	19	**(0.92)**	(1.03)
Diluted loss	19	**(0.92)**	(1.03)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

2019	Share capital A$ (Note 14)	Options reserve A$ (Note 15)	Consolidated accumulated losses A$ (Note 13)	Foreign currency translation A$	Total equity A$
Equity at beginning of year	**8,194,159**	**216,136**	**(3,923,067)**	**-**	**4,487,228**
Loss for the year	**-**	**-**	**(1,358,608)**	**-**	**(1,358,608)**
Options vested	**-**	**96,093**	**-**	**-**	**96,093**
Movement in equity for the year	**-**	**96,093**	**(1,358,608)**	**-**	**(1,262,515)**
Equity at end of year	**8,194,159**	**312,229**	**(5,281,675)**	**-**	**3,224,713**
2018					
Equity at beginning of year	8,185,359	48,000	(2,402,186)	(477)	5,830,696
Loss for the year	-	-	(1,520,404)	-	(1,520,404)
Options issued	-	168,136	-	-	168,136
Transfer to accumulated losses	-	-	(477)	477	-
Share issue	8,800	-	-	-	8,800
Movement in equity for the year	8,800	168,136	(1,520,881)	477	(1,343,468)
Equity at end of year	8,194,159	216,136	(3,923,067)	-	4,487,228

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Consolidated 2019 A$	2018 A$
ASSETS			
Current assets			
Cash and cash equivalents		**490,509**	2,091,196
Receivables and prepayments	10	**46,260**	147,159
Other assets	11	**60,177**	42,742
Total current assets		**596,946**	2,281,097
Non-current assets			
Property, plant & equipment	5	**3,902**	5,202
Exploration and evaluation assets	6	**2,736,528**	2,422,495
Security deposits	21	**80,000**	80,000
Total non-current assets		**2,820,430**	2,507,697
Total assets		**3,417,376**	4,788,794
LIABILITIES			
Current liabilities			
Trade and other payables	7	**152,178**	249,286
Provisions	23	**40,485**	32,280
Total current liabilities		**192,663**	281,566
Non-current liabilities			
Provisions	23	**-**	20,000
Total non-current liabilities		**-**	20,000
Total liabilities		**192,663**	301,566
Net assets		**3,224,713**	4,487,228
EQUITY			
Share capital	14	**8,194,159**	8,194,159
Options Reserve	15	**312,229**	216,136
Accumulated Losses	13	**(5,281,675)**	(3,923,067)
Total equity		**3,224,713**	4,487,228

The accompanying notes form part of these financial statements.

For and on behalf of the Board

Creagh O'Connor AM	**Matthew Hill**
Chairman	Director
30 September 2019	30 September 2019

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 2019 A$	2018 A$
Cash flows from operating activities			
Interest received		**14,567**	29,001
Other fees received		**345**	-
Fees received		**-**	137,370
Research and development tax incentive		**77,567**	253,613
Income tax refunded / (paid)		**17,443**	(195,000)
Payments to suppliers and employees		**(1,396,576)**	(1,908,549)
Net cash (applied to) operating activities	16	**(1,286,654)**	(1,683,565)
Cash flows from investing activities			
Prospecting expenditure		**(314,033)**	(196,156)
Security deposits refunded		**-**	65,000
Payment for plant, property & equipment		**-**	(5,615)
Proceeds on sale of interest in tenements		**-**	3,100,000
Net cash (applied to) / provided from investing activities		**(314,033)**	2,963,229
Cash flows from financing activities			
Issue of shares		**-**	8,800
Net cash provided from / (applied to) financing activities		**-**	8,800
Net (decrease) / increase in cash and cash equivalents held		**(1,600,687)**	1,288,464
Cash and cash equivalents at the beginning of the year		**2,091,196**	802,732
Cash and cash equivalents at the end of the year		**490,509**	2,091,196
Cash comprises:			
Cash at bank		**490,509**	2,091,196

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Statement of accounting policies

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

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

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

The group consists of Broken Hill Prospecting Limited and its 100% owned subsidiaries (the “Group”) as at 30 June 2019. A list of the subsidiaries is provided in Note 22. These financial statements comprise the separate financial statements of the Company and the consolidated financial statement of the Group. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation.

The Company and its subsidiaries are engaged in minerals exploration.

The Directors authorised these financial statements for issue on 30 September 2019.

New and amended standards and interpretations:

The Group has applied for the first-time certain amendments to the standards, for its annual reporting period commencing 1 July 2018:

- NZ IFRS 9 Financial Instruments
- NZ IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

(a) Current versus non-current classification: The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading; and
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

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

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

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

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

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

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

(c) Revenue recognition: The consolidated entity has adopted NZ IFRS 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

For the year ended 30 June 2019, revenue was only related to interest received and the reversal of a provision. Interest revenue is recognised using the effective interest rate method.

(d) Research and development tax incentive: incentive is recognised where there is reasonable assurance that the incentive will be received, and all attached conditions will be complied with. When the incentive relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the incentive relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(e) Foreign currencies: The functional and presentation currency is Australian dollars. Monetary assets and liabilities in foreign currencies are translated into Australian currency at the closing rates of exchange.

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

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

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

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

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

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

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

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

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

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

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

(g) Financial instruments:

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

The Company has no off-balance sheet financial instruments.

The consolidated entity has adopted NZ IFRS 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

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

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

Prospecting costs are expected to be recovered from future mining revenues. The recoverability of the exploration and evaluation asset is contingent upon future events, such as technical success and commercial development, sale of the area of interest, the results of further exploration, agreements entered into with other parties, and also upon meeting commitments under the terms of the tenement licences.

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

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

(j) Impairment of non-financial assets:

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

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

(k) Cash and cash equivalent: cash and cash equivalent in the statement of financial position comprise cash at banks and on hand and at call deposits, which are subject to an insignificant risk of changes in value.

(l) 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.

(m) 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.

(n) Property, plant, and equipment: The Group has one class of property, plant and equipment - office equipment. All property, plant and equipment is initially recorded at cost.

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

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

Major depreciation periods are:

Office equipment	4 years

(o) 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.

(p) 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.

(q) Leases: Operating lease payments, where the lessor effectively retains 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.

(r) (Losses) / Earnings per share: The Company presents basic and diluted (losses) earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

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

(s) Consolidation: The consolidated financial statements incorporate the financial statements of the Company and all subsidiaries over which the Company has the power to control the financial reporting and operating policies. The purchase method is used to prepare the consolidated financial statements, which involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant intercompany transactions are eliminated on consolidation. In the Company's separate financial statements, the investment in subsidiaries is stated at cost less any impairment losses.

(t) Restoration and rehabilitation provisions: For any close-down restoration and environmental clean-up costs from exploration programs, a provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

(u) Provision for employee entitlements: Provision is made in the accounts for obligations in respect of annual leave entitlements not taken by employees at balance sheet date.

(v) Share-based payments: The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised in employee benefits expense, together with a corresponding increase in equity over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

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

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

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

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

- **NZ IFRS 16 Leases**

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

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

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

  The Company currently has an operating lease for office space and has assessed the impact of the new standard having little or no effect on the Group's financial statements.

2. Taxation

	Consolidated 2019 A$	2018 A$
Loss for the year before income tax	**(1,358,608)**	(1,529,035)
Prima facie income tax benefit at 27.5% (2018: 27.5%)	**373,617**	420,485
Subtract effect of permanent differences	**(24,563)**	(23,044)
	349,054	397,441
Temporary differences	**86,359**	53,943
Income tax benefit	**435,413**	451,384
Prior year tax over-provided	**-**	8,631
Income tax benefit not recognised	**(435,413)**	(451,384)
Income tax benefit recognised	**-**	8,631

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

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

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

(a) The Company derives future assessable income of a nature and amount sufficient to offset the losses;

(b) The Company continues to comply with the conditions for deductibility imposed by the Law; and

(c) There are no changes in the legislation that would adversely affect the deductibility of the losses.

From 1 July 2014, the Company is part of a consolidated tax group. Carried forward losses of the Group are A$4,395,798 (2018: A$2,494,934), calculated before research & development adjustments.

3. Revenue

	Consolidated 2019 A$	2018 A$
Interest received	**14,795**	29,001
Management fees	**-**	53,460
Research and development tax incentive	**-**	77,567
Other income	**345**	-
Provision for rehabilitation written back	**20,000**	-
Total revenue	**35,140**	160,028

4. Administrative and exploration expenses

	Consolidated 2019 A$	2018 A$
Auditors' remuneration – auditing the accounts	**(54,194)**	(60,948)
Accounting, company secretarial, legal	**(448,390)**	(277,396)
Consulting fees	**(91,924)**	(411,024)
Directors' fees	**(100,000)**	(113,300)
Depreciation	**(1,300)**	(413)
Salaries and related expenses	**(410,898)**	(526,531)
Travelling expenses	**(56,313)**	(88,717)
Marketing and promotion	**(69,969)**	(72,846)
Other administrative and exploration expenses	**(160,760)**	(137,888)
Total administrative and exploration expenses	**(1,393,748)**	(1,689,063)

The total amount of donations made by the Company and the Group during the year ended 30 June 2019 was A$ nil (2018 - A$ nil).

5. Property plant & equipment

	2019	2018
Office equipment		
Opening balance	**5,202**	-
Additions	**-**	5,615
Depreciation	**(1,300)**	(413)
Total office equipment	**3,902**	5,202
Total property plant & equipment	**3,902**	5,202

6. Exploration and evaluation assets

	2019	2018
Prospecting costs and mining tenements		
Balance at the beginning of the year	**2,422,495**	**2,226,339**
Exploration and evaluation expenses	**314,033**	**196,156**
Exploration costs impaired	**-**	**-**
Less: Interest disposed	**-**	**-**
Balance at year end	**2,736,528**	**2,422,495**

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

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

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

Thackaringa Cobalt Project

A Pre-Feasibility Study (PFS) for the Thackaringa Cobalt Project was delivered early in the year, confirming that the project was of global significance as a sustainable, low-cost source of high purity cobalt sulphate.

The project has a maiden Probable Ore Reserve of 46.3Mt @ 819 ppm cobalt and a Production Target (Potential Upside Mining Case) of 58.7Mt @ 802ppm cobalt.

The PFS outlined excellent potential to increase resource base and mine life, with current Mineral Resource of 72Mt at 852ppm cobalt (Co), 9.3% sulphur (S) & 10% iron (Fe). Just 5.5km of a potential 40km strike length of the Himalay Formation cobalt pyritic host unit has been drill tested.

Under the terms of BPL's Joint Venture agreement with Cobalt Blue Holdings Ltd (ASX: COB), COB was entitled to earn an interest up to 100% of the Thackaringa Cobalt Project if it completed a four-stage farm-in. To do so, COB was required to expend $10.9 million before 30 June 2020 and pay BPL $7.5 million in cash, with BPL entitled to receive a 2% net smelter royalty on all cobalt produced from the Thackaringa tenements for the life of mine, and retains rights to certain intellectual property developed by the TJV.

During the September 2018 Quarter, COB advised BPL that it had satisfied the Stage 2 milestones under the TJV. A significant drilling program, comprising 15,000m, commenced with the intention to expand and upgrade the resource base.

In October 2018, COB announced it would not proceed with the Stage 3 earn-in. However, since then, BPL has actively sought to negotiate a sensible and agreed path with COB to advance the project.

In November 2018, BPL released a four-step plan to restore shareholder value and confidence in Thackaringa and ensure the Project's delivery. The Action Plan included:

1. Appoint a respected, professional and independent manager.
2. Correct fundamental technical and commercial deficiencies in the PFS (preliminary feasibility study) considering market conditions and the major correction in commodity prices in the battery space.
3. Jointly determine the appropriate scope and standard for the next stage of the Project.
4. Both companies utilising available cash resources effectively and prudently achieve these goals.

Seven disputes related to numerous TJV matters are under negotiation with COB, and include: the recent drilling campaign, role of COB as manager, dilution formula, stage 2 satisfaction, NSR (net smelter royalty) calculation, 51% title transfer and dilution of BPL out of the TJV (Thackaringa Joint Venture). These disputes are progressing through the dispute resolution process and remain unresolved.

COB and BPL are seeking an Independent Expert determination to resolve matters in dispute regarding the Thackaringa JV. As of September 2019, the Independent Expert is yet to provide a determination on outstanding issues.

Director's estimate of the Company's ultimate net liability, Inclusive of costs and disbursements, is $20,000.

7. Trade and other payables

	Consolidated	
	2019	2018
	A$	A$
Current		
Trade payables	**75,081**	106,318
Other payables and accrued expenses	**77,097**	142,968
	152,178	249,286

8. Related parties

Details of key management personnel for the year are:

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

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Amounts paid to directors related entities for consulting and other services were both for the Company and for the Group A$14,000 (2018: A$72,800) as below:

Entity relating to	**2019**	2018
	A$	A$
D Geldard	**14,000**	22,800
M G Hill	**-**	50,000
	14,000	72,800

No amounts were due to directors related entities as at balance date (2018: A$ Nil)

No related party debts were written off during the year.

Amounts charged to a director related entity for 50% share of office rental and use of office facilities during the year A$41,216 (2018: A$38,552).

Entity relating to	**2019 A$**	2018 A$
G G Hill	**41,216**	38,552

No amounts were due from directors related entities as at balance date (2018: A$ Nil)

9. Key management personnel

			Consolidated		
	Fixed Fees A$	**Superannuation A$**	**Share Based Payment A$**	**Consulting & Management Fees A$**	**Total A$**
2019					
Directors' fees					
FC O'Connor	37,500	-	-	-	**37,500**
D Geldard	20,000	-	-	14,000	**34,000**
GG Hill	20,000	-	-	-	**20,000**
MG Hill	22,500	-	-	-	**22,500**
Subtotal	100,000	-	-	14,000	**114,000**
Salary					
A Johnston (MD & CEO)	280,000	26,600	96,093	-	**402,693**
Total	**380,000**	**26,600**	**96,093**	**14,000**	**516,693**
2018					
Directors' fees					
FC O'Connor	25,000	-	-	-	25,000
D Geldard	20,000	-	-	22,800	42,800
GG Hill	20,000	-	-	-	20,000
MG Hill	22,500	-	25,800	50,000	98,300
Subtotal	87,500	-	25,800	72,800	186,100
Salary					
A Johnston (MD & CEO)	343,357	23,736	142,336	-	509,429
Total	430,857	23,736	168,136	72,800	695,529

Remuneration of employees: The number of employees who are not Directors and whose remuneration and benefits exceeded A$100,000 during the financial year, was one (2018: one).

10. Receivables

	Consolidated	
	2019 A$	2018 A$
Trade receivables	**472**	472
GST refundable	**28,191**	47,028
Other receivables:		
- R & D tax offset	**-**	77,567
- miscellaneous receivables	**17,597**	4,649
- income tax refund receivable	**-**	17,443
	46,260	147,159

All financial assets are within the contracted terms.

11. Other assets

Prepayments	**60,177**	42,742

12. Share-based payments

There were no options issued to Directors during the year 2019.

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

1. Mr Matthew Hill 0.5 million unquoted options, each with an exercise price of A$0.06 expiring 10 January 2023,
2. Mr Anthony Johnston, subject to certain vesting conditions:
   (i) 3.0 million unquoted options, each with an exercise price of A$0.08 expiring 10 January 2023
   (ii) 2.0 million unquoted options, each with an exercise price of A$0.10 expiring 10 January 2023.

These options were issued 10 January 2018.

On 2 November 2017, 2.4 million options each with an exercise price of A$0.06 were granted to the then Chief Executive Officer, Mr A Johnston, in accordance with his entitlement to equity remuneration for the year ended 30 June 2017. These options have a five-year exercise period.

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

	Consolidated			
	Number of options 2019	**WAEP A$ 2019**	**Number of options** 2018	**WAEP A$** 2018
Options outstanding as at 1st July	**13,900,000**	**0.08**	6,000,000	0.08
Granted	**-**	**-**	7,900,000	0.08
Options outstanding as at 30 June	**13,900,000**	**0.08**	13,900,000	0.08

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

The weighted average contractual life of options outstanding at year-end was 2.1 years (2018: 3.1 years). Share based payments that were included in the statement of comprehensive income was $96,093 (2018: $168,136).

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

13. Accumulated Losses

	Consolidated	
	2019 A$	2018 A$
Balance at the beginning of the year	**(3,923,067)**	(2,402,186)
Transfer from foreign currency translation reserve	**-**	(477)
Loss for the year	**(1,358,608)**	(1,520,404)
Balance at the end of the year	**(5,281,675)**	(3,923,067)

14. Issued share capital

	Consolidated 2019 A$	2018 A$
147,883,401 ordinary shares (2018: 147,883,401)	**8,194,159**	8,194,159

Movement in share capital	**No. of shares**	**A$**
Share capital at 30 June 2017	147,773,401	8,185,359
Movements during the year ended 30 June 2018:		
7 June 2018 exercise of options	110,000	8,800
Share capital at 30 June 2018	147,883,401	8,194,159
Movements during the year ended 30 June 2019:	-	-
Share capital at 30 June 2019	**147,883,401**	**8,194,159**

15. Options reserve

	Consolidated 2019 A$	2018 A$
54,479,338 options (2018: 54,479,338)	**312,229**	216,136

Movement in options	**No of options**	**A$**
Options at 30 June 2017	46,689,388	48,000
Movements during the year ending 30 June 2018:		
2 Nov 2017 options issued	2,400,000	68,880
10 Jan 2018 options issued	5,500,000	99,256
7 Jun 2018 options exercised	(110,000)	-
Options at 30 June 2018	54,479,388	216,136
Movements during the year ending 30 June 2019:		
10 Jan 2018 options vested	**-**	96,093
Options at 30 June 2019	**54,479,388**	**312,229**

Details of outstanding options at 30 June 2019 are:

	Expiry Date	Exercise Price	No. of options
Quoted			
	12 November 2019	$0.08	46,579,388
Unquoted			
	01 November 2022	$0.06	2,400,000
	10 January 2023	$0.06	500,000
	10 January 2023	$0.08	3,000,000
	10 January 2023	$0.10	2,000,000
			7,900,000
			54,479,388

Terms and Conditions

Holders of ordinary shares are entitled to receive dividends, as declared from time to time, and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all creditors and are entitled to any proceeds of liquidation. Ordinary shares have no par value and the Company has an unlimited amount of authorised capital.

Capital Management

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

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

16. Reconciliation of operating cash flow & net income

	Consolidated	
	2019	2018
	A$	A$
Net loss	**(1,358,608)**	(1,520,404)
Add non-cash items:		
Depreciation	**1,300**	413
Share based payments	**96,093**	168,136
Add / (less) movement in working capital:		
Decrease in payables and accruals	**(97,108)**	(505,326)
Decrease in tax payable	**-**	(186,187)
Decrease in trade receivables	**-**	49,771
Decrease in other receivables	**82,062**	226,428
Increase in prepayments	**(17,435)**	(3,391)
Decrease in GST receivable	**18,837**	69,893
(Decrease) / Increase in provisions	**(11,795)**	17,102
Net cash flows applied to operating activities	**(1,286,654)**	(1,683,565)

17. Financial instruments

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

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

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

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

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

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

18. Segment information

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

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

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

19. Losses per Share

	Consolidated	
	2019	2018
	A$	A$
Loss from continued operations	**(1,358,608)**	(1,520,404)
Weighted average number of shares on issue	**147,883,401**	147,780,332
Basic (loss) per share	**(0.92) cents**	(1.03) cents
Diluted average shares on issue	**147,883,401**	147,780,332
Diluted (loss) per share	**(0.92) cents**	(1.03) cents

Losses 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 14.

20. Commitments

Expenditure requirements for tenements

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

	Consolidated	
	2019	2018
	A$	A$
Not later than 1 year	**657,405**	562,636
Later than 1 year but not later than 5 years	**371,663**	1,029,068
Later than 5 years	**-**	-
	1,029,068	1,591,704

21. Security deposits

Security deposits for tenements	**80,000**	80,000

22. Interests in subsidiaries

Name of Entity	Equity Held 2019	Equity Held 2018	Country of Incorporation	Activity
Broken Hill Uranium Pty Ltd	**100%**	100%	Australia	Inactive
Broken Hill Chemical Pty Ltd	**100%**	100%	Australia	Mineral Exploration
Broken Hill Minerals Pty Ltd	**100%**	100%	Australia	Mineral Exploration
Murray Basin Minerals Pty Ltd	**100%**	100%	Australia	Mineral Exploration
La Paz Rare Earth LLC	**100%**	-	USA	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.

23. Provisions

	Consolidated 2019 A$	Consolidated 2018 A$
Current liabilities		
Provision employee entitlements	**40,485**	32,280
Non-current liabilities		
Provision for land rehabilitation	**-**	20,000

24. Contingencies

The Company did not have any contingencies at the balance date 30 June 2019 (2018: A$ nil).

25. Going Concern

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

The Group had a net loss of $1,358,608 and had operating cash outflows of $1,286,654 for the year ended 30 June 2019. As at 30 June 2019, the Group has cash and cash equivalents of $490,509, net current assets of $404,283 and net assets of $3,224,713.

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

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

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

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

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

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

A material uncertainty exists surrounding the Group's ability to raise capital in the form of equity. If the Group is unable to raise an adequate amount within the necessary timeframe, significant doubt would be cast on the validity of the going concern assumption. If the going concern assumption is not valid, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that may need to be made should the Group no longer continue to be a going concern.

26. Judgement and estimation uncertainty

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

27. Parent entity information

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

	2019 A$	2018 A$
Current assets	**844,267**	2,335,665
Non-current assets	**2,279,284**	2,141,094
Total assets	**3,123,551**	4,476,759
Current liabilities	**1,491,940**	1,564,770
Non-current liabilities	**-**	20,000
Total liabilities	**1,491,940**	1,584,770
Net assets	**1,631,611**	2,891,989
Equity		
Share capital	**8,194,159**	8,194,159
Options Reserve	**312,229**	216,136
Accumulated Losses	**(6,874,777)**	(5,518,306)
Total equity	**1,631,611**	2,891,989
Loss for the year	**(1,356,471)**	(1,489,702)
Other comprehensive income	**-**	-
Total loss for the year	**(1,356,471)**	(1,489,702)

(a) Guarantees entered into by the parent entity

The parent entity has not provided any financial guarantees as at 30 June 2019 (2018: $ Nil)

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

As at 30 June 2019, the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

28. Auditor's Remuneration

	Consolidated 2019 A$	2018 A$
Audit of the Group		
KS Black		
- Audit and review of financial reports paid	**-**	8,826
- Audit fees accrued	**-**	-
	-	8,826
Nexia Sydney Audit Pty Ltd		
- Audit and review of financial reports paid	**32,194**	15,000
- Additional work on reviewing opening balances paid	**-**	15,122
- Audit fees accrued	**22,000**	22,000
	54,194	52,122
	54,194	60,948
Non-Audit services		
KS Black	**-**	-
Nexia Sydney Audit Pty Ltd	**-**	-

29. Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in years subsequent to 30 June 2019 excepting, effective 30 September 2019:

- The Company is seeking to raise A$0.5 million by a non-underwritten placement of 20 million ordinary shares at A$0.025 each;
- Additionally, a share purchase plan will be offered to eligible shareholders resident in Australia and New Zealand to raise a further A$1.1 million at the same issue price per share of A$0.025; and
- Funds will primarily be used to advance the technical assessment of the recently acquired La Paz Rare Earth Project in Arizona.

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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 2019:
   (a) Comply with New Zealand International Financial Reporting Standards (IFRS); and
   (b) Give a true and fair view of the Group's financial position as at 30 June 2019 and its performance and cash flows for the period ended on that date.
2. In the Directors opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

For and on behalf of the Board

Creagh O'Connor AM	**Matthew Hill**
Chairman	Director
30 September 2019	30 September 2019

ADDITIONAL INFORMATION

Directors' Information

The following general disclosures of interests were received in relation to the year ended 30 June 2019:

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

Directors' Disclosure of Interests

No general disclosures of interests were received in relation to the year ended 30 June 2019:

Shareholders' Information as at 20 September 2019

Substantial Shareholder

Name	No. of Ordinary shares	% of Total Ordinary Shares
Hill Family Group Pty Ltd	34,391,000	23.26%

Distribution of Equity Securities

SIZE OF HOLDING	Ordinary shares		Options exercisable @ 8c expiring 12/11/2019 (Quoted)	
	Number of Holders	Number of Shares	Number of Holders	Number of Quoted Options
1 – 1,000	79	3,991	3	777
1,001 - 5,000	70	276,666	36	114,414
5,001 – 10,000	198	1,839,960	17	150,488
10,001 to 100,000	495	19,770,693	64	2,691,371
100,001 and over	168	125,992,091	49	43,622,338
Totals	**1,010**	**147,883,401**	**169**	**46,579,388**

There were 528 holders of less than a marketable parcel of ordinary shares (2.2 cents each share). There were 133 holders of less than a marketable parcel of options (0.3 cents each option).

Voting Rights

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

20 Largest Shareholders

Rank	Name	No. of Ordinary Shares	% of Total Ordinary Shares
1	HILL FAMILY GROUP PTY LTD	34,391,000	23.26%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,690,440	3.85%
3	HONG KONG FAR EAST CAPITAL LIMITED	3,880,000	2.62%
4	GREGORACH PTY LTD	3,873,748	2.62%
5	IPS NOMINEES LIMITED	3,722,100	2.52%
6	NIMADE PTY LIMITED	3,330,000	2.25%
7	SOON ENTERPRISES PTY LTD	3,188,169	2.16%
8	MR ANTHONY JAMES JOHNSTON	2,395,185	1.62%
9	DOVIDO PTY LTD	2,211,084	1.50%
10	R E G INVESTMENTS PTY LTD	2,085,925	1.41%
11	ACEMAC PTY LIMITED	2,047,046	1.38%
12	MR SYED MUSHLEH UDDIN	2,000,000	1.35%
13	JOHN WARDMAN & ASSOCIATES PTY LTD	1,600,000	1.08%
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,562,500	1.06%
15	MR IANAKI SEMERDZIEV	1,486,627	1.01%
16	MR ANTON WASYL MAKARYN & MRS MELANIE FRANCES MAKARYN	1,486,593	1.01%
17	SHAN HOLDINGS LTD\C	1,260,000	0.85%
18	CITICORP NOMINEES PTY LIMITED	1,198,864	0.81%
19	INTERNATIONAL PACIFIC CAPITAL LIMITED	1,185,164	0.80%
20	AIKEN & ASSOCIATES LIMITED	1,136,882	0.77%
		79,731,327	**53.93%**

20 Largest Optionholders

Rank	Name	No. of Quoted Options	% of Total Quoted Options
1	SMARTEQUITY EIS PTY LTD	6,000,000	12.88%
2	GREGORACH PTY LTD	4,273,415	9.17%
3	ZACOB PTY LTD	3,983,750	8.55%
4	HONG KONG FAR EAST CAPITAL LIMITED	3,880,000	8.33%
5	AUSTRALIAN MINERAL INVESTMENTS PTY LIMITED	3,280,000	7.04%
6	ELLIE BARIKHAN	2,450,000	5.26%
7	M & K KORKIDAS PTY LTD	2,247,174	4.82%
8	JOHN WARDMAN & ASSOCIATES PTY LTD	2,138,750	4.59%
9	IPS NOMINEES LIMITED	1,282,100	2.75%
10	INTERNATIONAL PACIFIC CAPITAL LIMITED	1,175,164	2.52%
11	SOON ENTERPRISES PTY LTD	1,025,000	2.20%
12	LOBSTER BEACH PTY LTD	1,000,000	2.15%
13	MR JONATHAN GWYNNE MEYER	1,000,000	2.15%
14	MCGEE CONSTRUCTIONS PTY LTD	995,000	2.14%
15	AQUASTIR PTY LTD	856,666	1.84%
16	MR CHEE CHIN	692,771	1.49%
17	MR CHRISTOPHER GEOFFREY LANCASTER	477,566	1.03%
18	PHEONIX CAPITAL AND INVESTMENTS PTY LTD	475,000	1.02%
19	JANNARN PTY LTD	427,500	0.92%
20	AFRICAN VENTURES PTYLTD	400,000	0.86%
20	BANGALOW INVESTMENTS PTY LTD	400,000	0.86%
		38,459,856	**82.57%**

Additional ASX Disclosure Requirements

Additional ASX Disclosure Requirements

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