2012 annual report

New Frontiers in Australian **GOLD** Exploration

BREAKER
Resources NL

ABN 87 145 011 178

corporate **directory**

Directors

Tom Sanders

Executive Chairman

Mark Edwards

Non-executive Director

Michael Kitney

Non-executive Director

Company Secretary

Graeme Smith

Exploration Manager

Alastair Barker

Principal/Registered Office

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Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditors

Rothsay Chartered Accountants
Level 18, Central Park Building
152-158 St Georges Terrace
PERTH WA 6000

Stock Exchange

Breaker Resources NL is listed on the Australian Securities Exchange (ASX code BRB).

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chairman's **letter**

Dear Shareholder,

It is a pleasure to present Breaker Resources NL's (Breaker) inaugural Annual Report as an ASX-listed company.

Breaker listed on the Australian Securities Exchange on 20 April 2012 after a successful $8.5 million initial public offering (IPO) with Patersons Securities Limited as Lead Manager. The Company's IPO received strong support from international and domestic institutions that account for over 50% of the shares issued with Directors holding an additional 25%.

Breaker's objective is gold discovery in the largely unexplored eastern half of Australia's premier gold province, Western Australia's Eastern Goldfields Superterrane, where Breaker is the largest tenement holder.

Breaker commenced screening its tenements for large gold deposit signatures in May 2012, and in August 2012 announced positive early exploration results at the Dexter Project (our first project tested). The size, strength and nature of the soil anomaly at the Dexter Project is very exciting and is comparable with early stage soil results from significant gold discoveries in the region such as Tropicana and Garden Well. We are currently preparing the Dexter Project for drilling to assess its economic potential.

Breaker has implemented a number of strategies and techniques in its business model to significantly increase the probability of discovery. One of the things I came to realize as a result of living in the Kalgoorlie area for 23 years was to never bet against the ability of Eastern Goldfields to yield substantial gold discoveries. The best place to find gold is where it is most abundant which is why we are exploring in this area. To further increase the probability of discovery, the Company is targeting previously unexplored areas located on or adjacent to major faults that are known to be the critical in the formation of large gold deposits. The probability of making a discovery is further enhanced by having a large tenement holding, and the ability to apply new geochemical techniques to cost-effectively screen for large deposit signatures in a way that was not possible 15 years ago. It also helps to have access to new data and ideas flowing from 10 years of intensive research that dispels the perception of the Eastern Goldfields Superterrane as a mature gold province.

Based on these "stacked" probabilities, my personal view is that discovery is likely. The early results from the Dexter Project are encouraging and highly unusual and I expect that positive results from other projects will follow.

I would like to thank our shareholders for their support and to express my appreciation to my fellow Directors for their efforts during the year. On behalf of the Board, a special thanks also to our outstanding exploration and management team without whom none of our achievements would be possible.

I look forward to the year ahead with great anticipation.

Yours sincerely,

Tom Sanders
Chairman

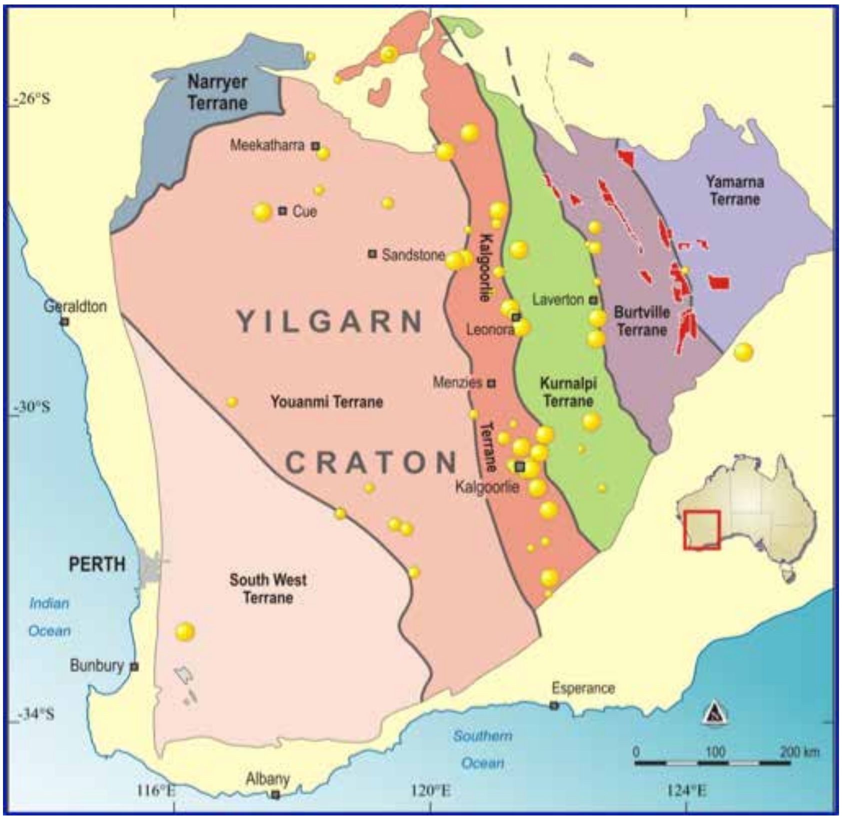
operations **report**

Overview

Breaker Resources NL is an Australian exploration company pursuing new opportunities for gold discovery in the largely unexplored Yamarna and Burtville Terranes, located in the eastern part of the Eastern Goldfields Superterrane, Western Australia, which is responsible for 75% of Australia's gold endowment.

Breaker is the largest tenement holder in the Eastern Goldfields Superterrane with a 100% interest in eight exploration projects with a total area of ~5,500 km^2. The Company's projects are located in the emerging Yamarna and Burtville Terranes and include 190 km of the Yamarna Shear Zone, four previously undrilled greenstone belts, and several other large crustal faults.

Breaker's objective is early discovery in an unexplored part of Australia's premier gold province. The Company's main exploration tools are modern, geochemical techniques that provide not only a cost-effective tool for discovery, but a mechanism for sound exploration risk management that takes advantage of the Company's large portfolio. Breaker initially plans to screen its portfolio for large gold deposit signatures. Areas with known gold-in-soil anomalies (Dexter North, Mt Gill, Kurrajong South) will be prioritised. Drilling will then be conducted on the best geochemical targets, and will be accelerated in areas where encouraging drill results are obtained.



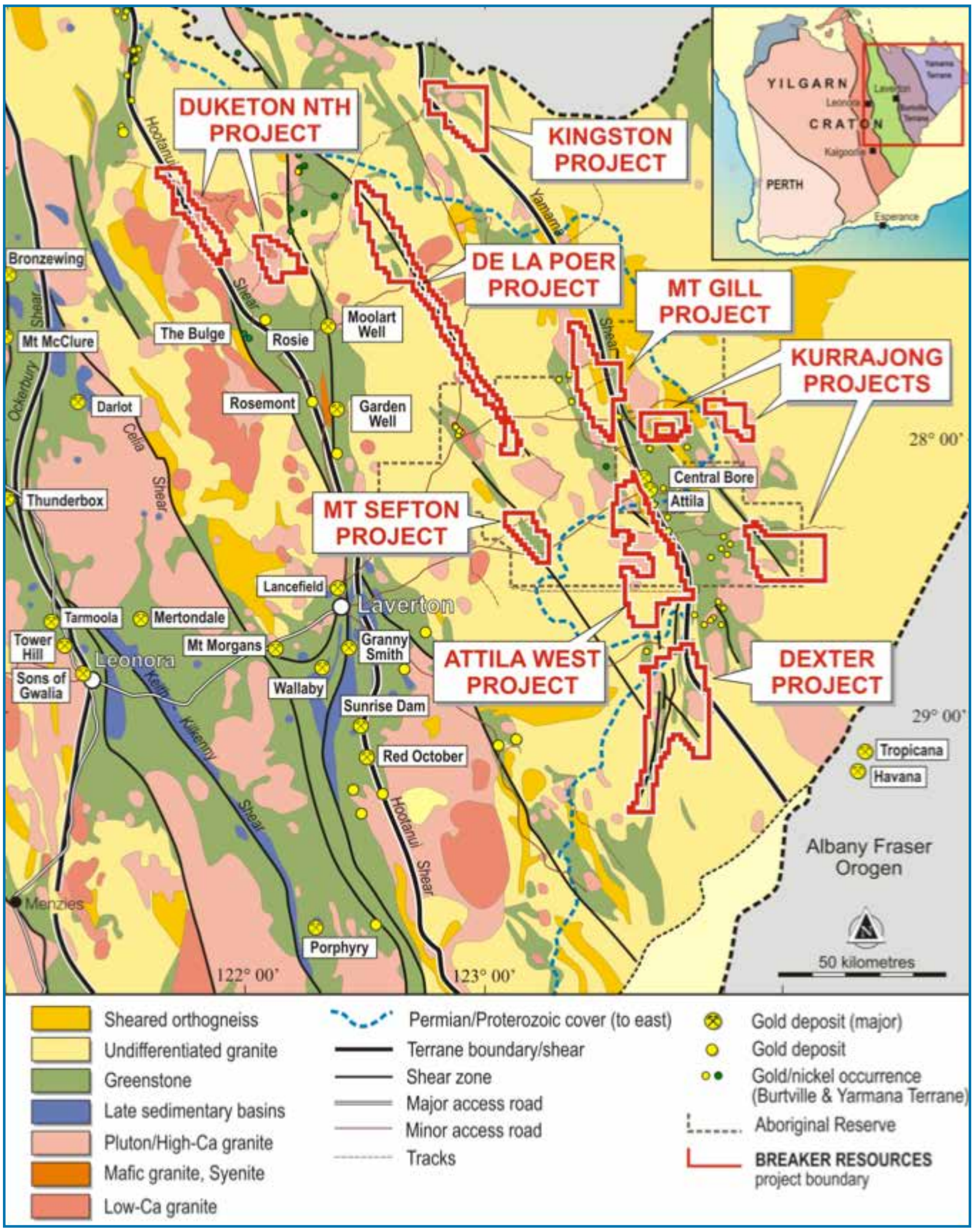
Project Location

operations **report** continued

Background

Breaker applied for its tenements in November 2010 in response to new data releases and a decade of intensive research which led to a new understanding of the timing, distribution and nature of gold mineralizing events in the Eastern Goldfields Superterrane.

Breaker's projects target major crustal faults located adjacent to regional anticlines, unexplored greenstone belts, and fault bends—where gold deposits in the well-explored western part of the Eastern Goldfields Superterrane are known to be most common.



Project Location and Regional Geology

Operations Summary

Exploration undertaken since listing on the Australian Securities Exchange on 20 April 2012 includes the following:

Multi-element auger geochemical drilling commenced in the central part of the Dexter project in late-May and moved to the Mt Gill project in July following heritage clearance. The Dexter sampling identified a previously unknown, potentially significant 25 km-long gold trend that is currently being evaluated. Assay results from Mt Gill are pending.

Six native title heritage surveys on Cosmo Newbery land were completed at the Mt Gill, Attila West, Kurrajong South, Mt Sefton, De La Poer and Kurrajong North to obtain access for first phase exploration.

Wide-spaced reconnaissance aircore drilling was completed in the central portion of the Dexter project (37 holes for 2,829 m) and in the southern part of the Attila West project (46 holes for 2,303 m). The objective of the drilling was to test for Archean bedrock alteration signatures beneath Permian cover rocks, and to assess the thickness and nature of the cover rocks.

Approximately 50,000 line km of detailed aeromagnetics/radiometrics (100m line spacing) were flown at the Dexter, Attila West, Duketon North and De La Poer projects to provide baseline data in areas previously covered by wide-spaced government data.

High resolution satellite data was acquired and existing aeromagnetic and radiometric data was processed and imaged (all projects).

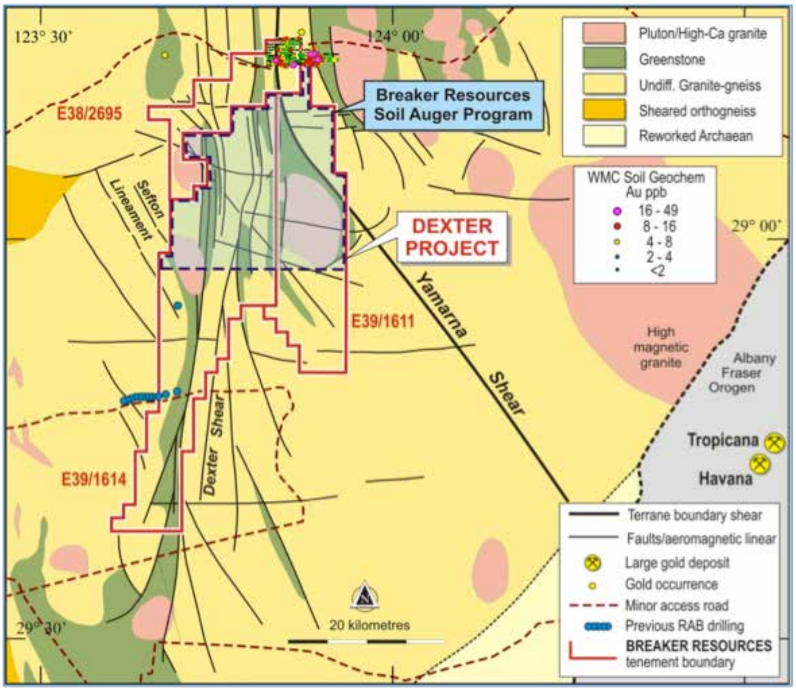
A Trial ground Electromagnetic (EM) survey was undertaken at the Kingston project (seven lines, 100m spacing).

DEXTER PROJECT

The Dexter Project is located 140 km south-southeast of Laverton and comprises three tenements with an overall area of 1,103 km^2. The project is 75km along strike from the Attila and Central Bore gold deposits.

The Dexter Project straddles the intersection of the Yamarna and Dexter Shear Zones near the southern margin of the Eastern Goldfields Superterrane. The project includes 27 km of the Yamarna Shear, and 65 km of the Dexter Shear. Historical partial-coverage soil geochemistry by WMC Ltd in the mid-1990s encountered anomalous gold-in-soil values up to 32 ppb gold in E38/2695 in the northern part of the project. Follow-up drilling was not undertaken.

Breaker commenced a wide-spaced (1,600m x 400m pattern; 792 samples) multi-element soil auger program in late May 2012 to screen for large gold deposit signatures at the junction of the Yamarna and Dexter Shears, close to a domal granite intrusion. The auger soil program covers approximately one third of the project area.



Dexter Project: Interpreted Geology

operations **report** continued

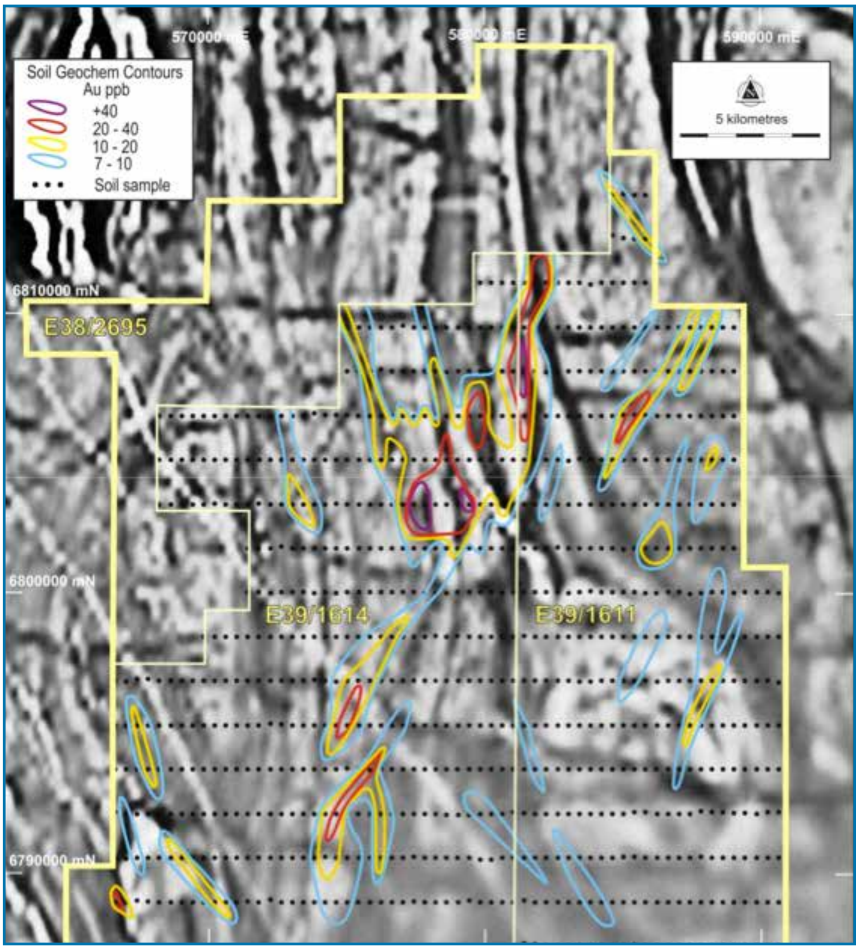
The soil auger program identified a previously unknown 25 km-long gold trend concealed by weathered Permian cover rocks which is open along strike.

The gold-in-soil anomalies have peak gold values of 50 ppb gold and are associated with anomalous mercury, copper, zinc and silver which indicate a likely Archean bedrock source. The strongest gold-in-soil anomalies have a close spatial association with several fault bends apparent in aeromagnetic data which suggests that the anomalies are directly on top of a bedrock source with little lateral transport.

The strength and coherence of the gold-in-soil values emanating from a likely Archean basement under 40m to 70m of Permian cover is unusual in the Eastern Goldfields. By comparison, the Tropicana gold deposit, 80 km to the SW, has 15m to 20m of transported cover with a peak soil anomaly of 31 ppb gold in what appears to be a similar geomorphological setting.

The initial soil auger results at Dexter are very encouraging and give us confidence in our strategy and methodology. Infill 400m x 100m auger soil sampling to assess the economic potential of the soil anomalies is in progress in preparation for aircore and follow-up RC drilling to commence in late October/early November 2012.

Breaker was awarded a grant of $150,000 for co-funding of drilling at the Dexter project under the WA Government's Exploration Incentive Scheme. Breaker will be required to match the $150,000 funding grant on a dollar-for-dollar basis on direct drilling costs.

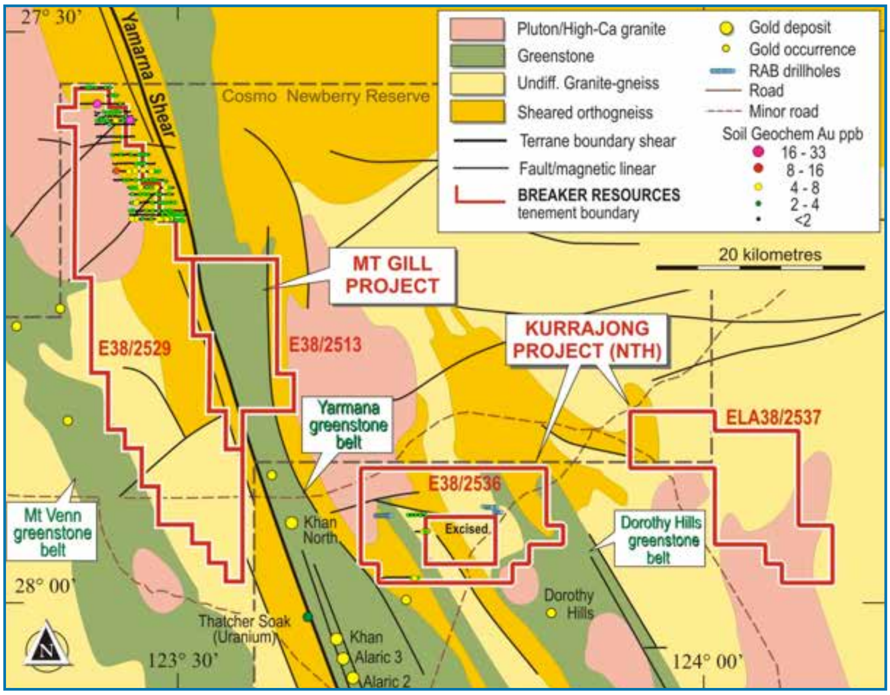


Auger Soil Gold Contours on Aeromagnetic Image, Dexter Project

MT GILL PROJECT

The Mt Gill Project is located 135 km northeast of Laverton and comprises two tenements with an area of 518 km^2, situated 12 km along strike from the Khan North gold deposit.

The project includes 17 km of the Yamarna greenstone belt and 35 km of the central structural zone of Yamarna Shear Zone. Historical exploration is limited to soil sampling over a 14 km-long zone in the footwall of the Yamarna Shear by WMC in the mid-1990s. Soil anomalies up to 33 ppb gold were identified in sandy soils but no drilling was undertaken.



Mt Gill and Kurrajong North Projects: Interpreted Geology

A native title heritage survey was successfully completed at the Mt Gill project in preparation for first phase exploration. Multi-element auger geochemical drilling commenced at the Mt Gill project in late July 2012 and 772 samples were collected on a 1,600m x 400m pattern. Assay results are pending.

The available open file 200m-spaced aeromagnetic and radiometric data was reprocessed and imaged, and high resolution satellite data was acquired.

operations **report** continued

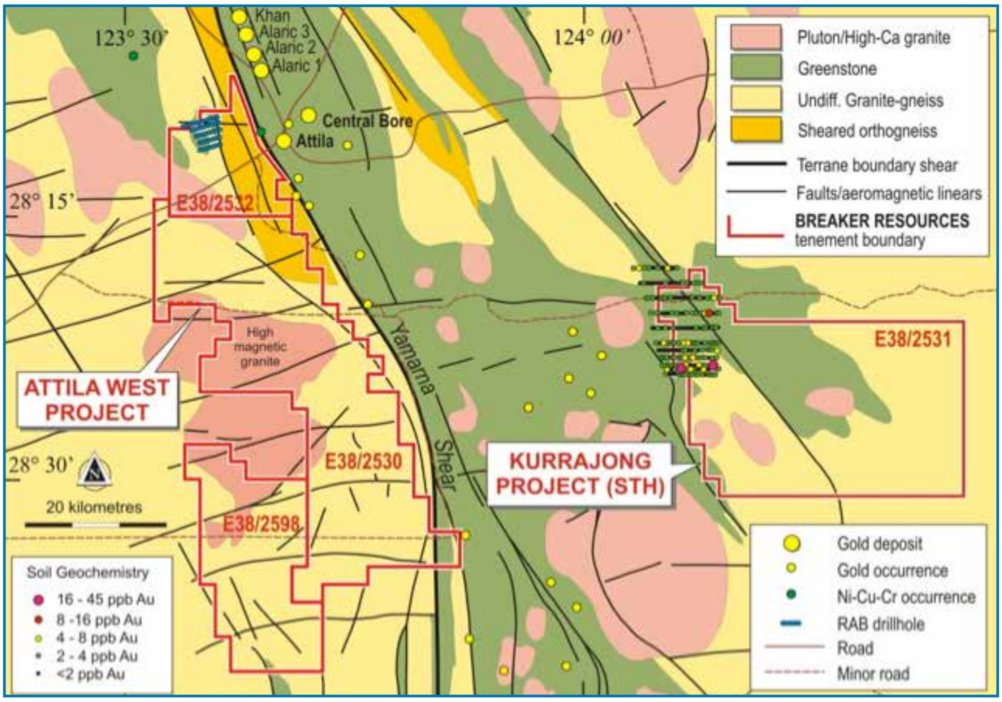
ATTILA WEST PROJECT

The Attila West Project is located 130 km east-northeast of Laverton and comprises three tenements with an area of 919 km^2, 2 km west of the Attila gold deposit, and 6 km west of the Central Bore gold deposit.

The project includes 3.5 km of the Yamarna Shear, and 50 km of the western and central structural zones in the footwall of the Yamarna Shear Zone. Historical exploration is limited. The project is dominated by a large domal granite intrusion in the footwall of the Yamarna Shear.

A native title heritage survey was successfully completed in the northern part of the Attila West to facilitate access first phase exploration on Aboriginal reserve land. High resolution satellite data was acquired and the available open file aeromagnetic and radiometric data was reprocessed and imaged.

A detailed 14,001 line km aeromagnetic/radiometric survey (100m line spacing; 45m height) was flown to provide baseline data for structural analysis.



Attila West and Kurrajong South Projects: Interpreted Geology

Wide-spaced reconnaissance aircore drilling was completed in the southern part of the Attila West project (46 holes for 2,303 m). The objective of the drilling was to test for bedrock alteration beneath Permian cover rocks and to assess the thickness and nature of the cover rocks in the vicinity of intersecting structural features apparent from aeromagnetic data. The drilling confirmed generally thin (10m-25m) Permian cover, with localised areas of thicker cover possibly related to palaeochannels. End of hole multi-element assay data for Archean bedrock samples are pending.

KURRAJONG PROJECT

The Kurrajong Project is located in the Yamarna Terrane, 175 km east-northeast of Laverton and consists of two granted large-area prospects (Kurrajong South and Kurrajong North) with an overall area of 728 km^2.

The project targets extensive strike lengths of the Dorothy Hills greenstone belt intruded by a number of domal granite intrusions, and situated adjacent to a major fault highlighted by recent government surveys. At the Kurrajong South Prospect, historical gold-in-soil values of up to 45 ppb gold were identified in sand by WMC in 1997 but no drilling was undertaken.

A native title heritage survey was successfully completed at the Kurrajong South prospect in preparation for first phase auger geochemical and scout aircore drilling. High resolution satellite data was acquired, and the available open file aeromagnetic and radiometric data was reprocessed and imaged.

A native title heritage survey recently completed at the Kurrajong North (E38/2536) prospect has highlighted areas of sensitivity that preclude further access to this area. As a result, no further exploration will be undertaken on E38/2536.

MT SEFTON PROJECT

The 211 km^2 Mt Sefton Project is located 80km east-northeast of Laverton and 50 km along strike from historic gold mineralization at Cosmo Newbery.

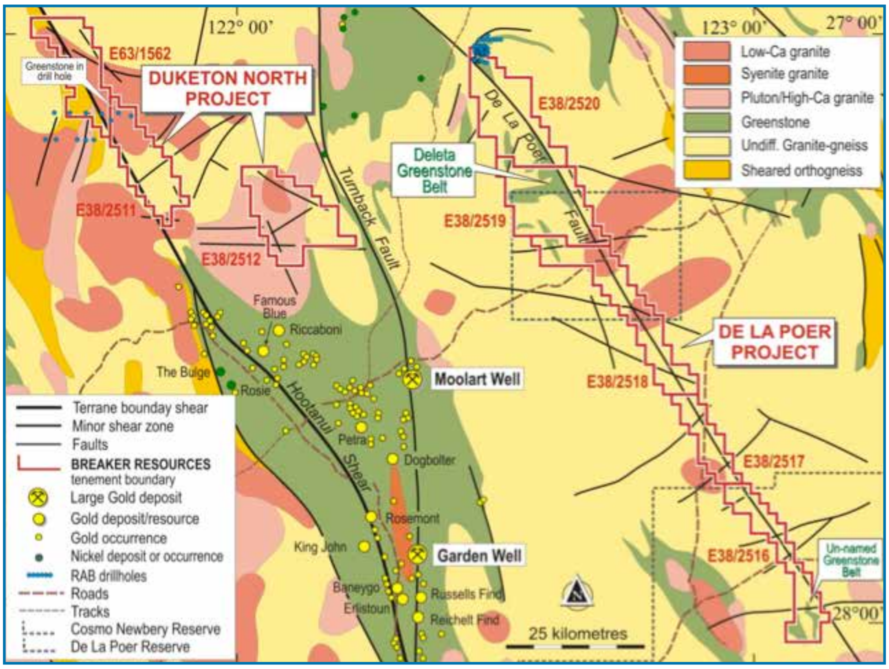
The Mt Sefton Project targets gold mineralization in a small, previously undrilled greenstone belt situated within a large zone of deformation termed the Sefton Lineament. Anomalous gold-in-soil results were obtained from a soil geochemical program in the mid-1990s but were not drilled due to the lack of a native title access agreement.

A native title heritage survey was successfully completed at the Mt Sefton project to facilitate access for first phase exploration. High resolution satellite data was acquired, and the available open file aeromagnetic and radiometric data was reprocessed and imaged.

DUKETON NORTH PROJECT

The Duketon North Project is located 160km north-northwest of Laverton, 50 km north of the Moolart Well and Garden Well gold deposits. The Project consists of three tenements with a total area of 527 km^2.

The Duketon North Project targets gold along a 42 km strike length of the Hootanui Shear, a major fault zone that separates the Kurnalpi and Burtville Terranes. Historical exploration consists of a single, fence of aircore drill holes (3 km spacing) undertaken by BHP Ltd in the mid-1990s. The drilling encountered greenstone that is spatially associated with an elongated magnetic low located parallel to the Hootanui Shear. No systematic historical geochemistry has been completed. Outcrop is limited and sand cover is thin (<2m).



Duketon North and De La Poer Projects: Interpreted Geology

operations **report** continued

High resolution satellite data was acquired, and the available open file aeromagnetic and radiometric data was reprocessed and imaged. A 6,283 line km detailed aeromagnetic/radiometric survey (100m line spacing, 45m height) was flown to provide baseline data for structural analysis.

DE LA POER PROJECT

The De La Poer Project is located in the Burtville Terrane, 130km northeast of Laverton and 40 km northeast of the Moolart Well gold mine and comprises five tenements with a total area of 870 km^2.

The De La Poer project targets gold along a 120 km strike length of the De La Poer Fault and includes the unexplored Deleta greenstone belt. The De La Poer project is largely unexplored. Historical exploration is limited to the far northern and far southern areas of the Project. Rock chip sampling in the far northern area located quartz-magnetite float with assays up to 1.4 g/t gold. Systematic geochemistry has not previously been undertaken.

High resolution satellite data was acquired, and the available open file aeromagnetic and radiometric data was reprocessed and imaged. A native title heritage survey was completed in the southern part of the project within the Cosmo Newbery Reserve (E38/2516) to facilitate access for first phase exploration.

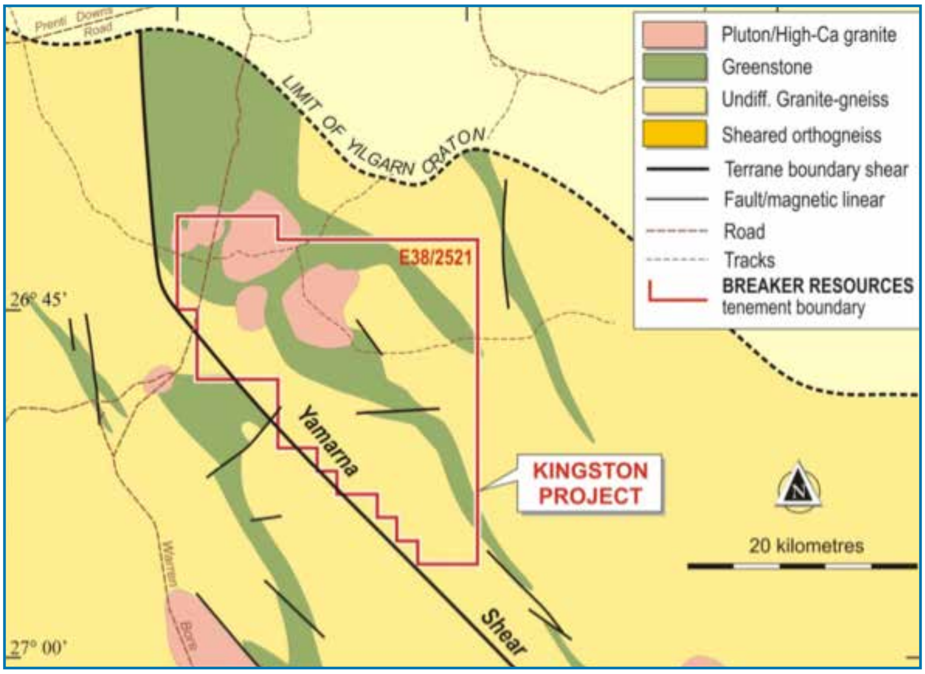
A 12,918 line kilometre detailed aeromagnetic/radiometric survey (100m line spacing, 45m height) was flown over the northern part of the De La Poer project (E38/2517-E38/2520) to provide baseline data for structural analysis.

KINGSTON PROJECT

The 455 km^2 Kingston Project is located in the Yamarna Terrane, 200 km north-northeast of Laverton and 150 km north-northwest of the Attila and Central Bore gold deposits. The project is prospective for gold and nickel mineralization.

The Kingston Project targets a previously undrilled 35 km-long Archean greenstone belt located close to a prominent bend in the Yamarna Shear near the northern margin of the Yilgarn Craton. Historical exploration previously indicated Paleoproterozoic and Permian cover rocks up to 200m in thickness. More recent geophysical analysis indicates that the cover rocks are substantially thicker (400m-500m) and may limit further exploration by Breaker.

Government geophysical surveys highlight a coincident magnetic and gravity anomaly over an Archean greenstone belt intruded by a granite pluton. A government geochemical survey encountered anomalous arsenic, antimony, bismuth, molybdenum, tin, tungsten and selenium indicating potential for gold mineralization. Anomalous nickel-copper-chrome values suggest the presence of ultramafic rocks.



Kingston Project: Interpreted Geology

High resolution satellite data was acquired, and the available open file aeromagnetic and radiometric data was reprocessed and imaged. A trial ground EM survey (seven wide-spaced lines, 100m stations) was completed to assess whether the project is amenable airborne EM. After taking into account the outcome of a revised aeromagnetic interpretation by independent consultants, which indicates that the cover rocks are 400m-500m in thickness, it appears unlikely that any TEM methods would penetrate the thick cover rocks and detect mineralization in the Archean basement. Alternative options are now being considered.

COMPETENT PERSON STATEMENT

The information contained in this report that relates to exploration results and geological information is based on information compiled by Mr Tom Sanders, an officer of Breaker Resources NL and whose services have been engaged by Breaker on an 80% of full time basis. Mr Sanders is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the December 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Sanders consents to the inclusion in this report of the information based on his work in the form and context in which it appears.

directors' **report**

Your directors submit their report for the year ended 30 June 2012.

DIRECTORS

The names and details of the Company's directors in office during the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Thomas Sanders, B.Sc. (Geology) Sydney University; M.Sc. (Mineral Economics) Curtin University, MAusIMM FAICD (Executive Chairman and CEO)

Tom Sanders is a geologist with over 34 years' experience in the Australian mining industry. He has extensive expertise in project generation, exploration, mining and corporate management with a strong emphasis on gold and nickel in Western Australia.

Previously, Mr Sanders established and managed a geological consultancy firm in Western Australia's Eastern Goldfields from 1983 to 2001 following experience in nickel mining and exploration with Metals Exploration Limited. During his time in the Kalgoorlie region he worked with many ASX-listed companies and obtained mining experience on several underground and open pit gold and nickel mines. He has managed a large number of exploration projects, several of which he progressed into production. Mr Sanders has published works on nickel and gold in WA, in addition to published regional mineralisation studies on the East Kimberley region in WA under contract to the Geological Survey of Western Australia.

In 1996, Mr Sanders founded Navigator Resources Limited and guided that company from initial project acquisition to ASX-listing. He then oversaw the building of a two million ounce gold resource inventory through discovery and acquisition and was responsible for the establishment of a rare earth metal resource at Cummins Range.

Mr Sanders was responsible for identifying and acquiring Breaker's Projects.

Mark Edwards, B. Juris. LLB. University of Western Australia (Non-Executive Director)

Mark Edwards is a solicitor with over 25 years of experience in resources and corporate law.

Mr Edwards has advised a range of ASX listed companies active in the resources sector. He has advised on a range of resources projects in Australia and overseas, including significant nickel, gold and iron ore projects. His professional work has involved him in many facets of the resources industry ranging from ASX listings, exploration and mining joint ventures, project development agreements and project financing.

He has previously served as a non-executive director of an ASX listed company involved in exploration for, and production of, gold.

Michael Kitney, Ass Met (WAIT), Post Grad Dip WA School of Mines (Extractive Metallurgy), M.Sc. (Mineral Economics) Curtin University, MAusIMM (Non-Executive Director)

Mr Kitney is an experienced process engineer with over 37 years' experience in the mining industry. He has developed and constructed projects throughout Australia, Africa and the CIS.

Mr Kitney's particular strengths are in production and mineral processing management, all aspects of environmental management, project evaluation and assessment management of interdisciplinary project teams. He brings to the Company vast project development expertise and practical experience in commissioning new projects.

Mr Kitney's previous or current senior technical and project management positions include those with Kasbah Resources Ltd, Minproc Engineers Limited, Alcoa Australia, Property Company of London, British Phosphate Commission, Nelson Gold Corporation Limited and Avocet Mining plc. Former corporate roles on ASX-listed companies include director, Redbank Copper.

COMPANY SECRETARY

Graeme Smith, BEc, MBA, MComLaw, FCPA, FCSA, MAusIMM

Graeme Smith is a finance professional with over 20 years' experience in accounting and company administration. He graduated from Macquarie University with a Bachelor of Economics degree and has since received a Master of Business Administration and a Master of Commercial Law. He is a Fellow of both the Australian Society of Certified Practicing Accountants and the Chartered Institute of Secretaries and Administrators.

Mr Smith has held CFO and Company Secretary positions with other Australian mining and mining service companies. Mr Smith is a former director of Buxton Resources Limited and Genesis Minerals Limited within the last 3 years.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Breaker Resources NL were:

	Ordinary Shares	Options over Ordinary Shares
Tom Sanders	11,770,004	5,635,000
Mark Edwards	1,050,000	500,000
Michael Kitney	1,075,000	512,500

PRINCIPAL ACTIVITIES

During the year the Company carried out exploration on its tenements and applied for or acquired additional tenements with the objective of identifying gold and other economic mineral deposits.

DIVIDENDS

No dividends were paid or declared during the year. No recommendation for payment of dividends has been made.

REVIEW OF OPERATIONS

Finance Review

The Company began the year with available cash assets of $3,450 and completed an Initial Public Offering in April 2012 that raised $8,500,000. This was preceded by seed capital issues that raised a total of $560,000.

During the year total exploration expenditure incurred by the Company amounted to $1,719,990 (2011: $306,601). In line with the Company's accounting policies, all exploration expenditure is written off as incurred. Net administration expenditure incurred amounted to $344,474 (2011: $13,035). This has resulted in an operating loss after income tax for the year ended 30 June 2012 of $2,064,464 (2011: $319,636).

At 30 June 2012 cash assets available totalled $6,981,610.

Operating Results for the Year

Summarised operating results are as follows:

	2012	
	Revenues $	Results $
Revenues and loss from ordinary activities before income tax expense	**45,572**	**(2,064,464)**

Shareholder Returns

	2012	2011
Basic loss per share (cents)	**(9.8)**	(10.2)

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred during the financial year:

- Seed capital issues of 5,600,000 ordinary shares to raise $560,000.
- Initial Public Offering of 42,500,000 ordinary shares to raise $8,500,000 resulting in admission to the Official List of ASX on 18 April 2012.

directors' **report** continued

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 16, have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is subject to significant environmental regulation in respect to its exploration activities.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Breaker Resources NL has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Company's financial results. The board of Breaker Resources NL believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company.

The board's policy for determining the nature and amount of remuneration for board members and senior executives (if any) of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service, performance and experience) and superannuation. The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the company and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options are valued using the Black Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000). Fees for non executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Performance based remuneration

The company currently has no performance based remuneration component built into key management personnel remuneration packages.

Company performance, shareholder wealth and key management personnel remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and key management personnel performance. Currently, this is facilitated through the issue of options to the majority of key management personnel to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced. For details of key management personnel interests in options at year end, refer to note 12 of the financial statements.

Use of remuneration consultants

The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2012.

Details of remuneration

Details of the remuneration of the key management personnel of the Company (including the Directors) are set out in the following table.

The requirement to disclose remuneration for the top five remunerated Company executives was removed by the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011, effective for reporting periods commencing on or after 1 July 2011. For comparative purposes only, the table below includes the remuneration for the 2011 financial year for those employees who were classified as executives but who do not meet the definition of key management personnel. Hence their remuneration for the 2012 financial year is not disclosed.

Key management personnel of the Company

		Short-Term		Post Employment		Share-based Payments	Total
		Salary & Fees	Non-Monetary	Superannuation	Retirement benefits	Options	
		$	$	$	$	$	$
Directors							
Thomas Sanders							
	2012	**57,375**	**-**	**-**	**-**	**103,200**	**160,575**
	2011	-	-	-	-	-	-
Mark Edwards							
	2012	**7,778**	**-**	**-**	**-**	**11,550**	**19,328**
	2011	-	-	-	-	-	-
Michael Kitney							
	2012	**7,778**	**-**	**-**	**-**	**11,550**	**19,328**
	2011	-	-	-	-	-	-
Other key management personnel							
Alastair Barker							
		45,833					**45,833**
Total key management personnel compensation							
	2012	**118,764**	**-**	**-**	**-**	**126,300**	**245,064**
	2011	-	-	-	-	-	-

Service agreements of key management personnel

The details of service agreements of the key management personnel of Breaker Resources NL are as follows:

Thomas Sanders – Executive Chairman

- Term of agreement – Minimum 2 years subject to termination provisions; commenced 18 April 2012 (subject to ASX listing).
- Annual consultancy fees of $270,000 (inclusive of superannuation, plus GST) are paid to Goldfields Geological Associates, an entity controlled by Mr Sanders, for the provision services of Mr Sanders on a minimum of 80% of fulltime basis.
- The agreement continues until terminated by either Goldfields Geological Associates or the Company. Subject to the Corporations Act and the ASX Listing Rules, Mr Sanders is entitled to a minimum notice period of 12 months and the Company is entitled to a minimum notice period of three months. Goldfields Geological Associates will also be reimbursed for Breaker-related expenses, including office leasing and maintenance costs at cost, and other out-of-pocket expenses incurred on Breaker's behalf.

directors' **report** continued

Alastair Barker – Exploration Manager

- Term of agreement – Minimum 2 years subject to termination provisions; commenced 18 April 2012 (subject to ASX listing).
- Annual consultancy fees of $220,000 (inclusive of superannuation, plus GST) are paid to Horizon Resources Pty Ltd, an entity controlled by Mr Barker, for the provision services of Mr Barker on a minimum of 80% of fulltime basis.
- The agreement continues until terminated by either Horizon Resources Pty Ltd or the Company. Subject to the Corporations Act and the ASX Listing Rules, Mr Barker is entitled to a minimum notice period of 12 months (or 6 months after the initial 2 year term). The Company is entitled to a minimum notice period of three months.

Share-based compensation

Options were issued at no cost to key management personnel as part of their remuneration prior to ASX listing, and to further align the interests of executives, directors and shareholders. The following options over ordinary shares of the Company were granted to or vesting with key management personnel during the year:

	Grant Date	Granted Number	Vesting Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number	% of
Directors								
Thomas Sanders	01/08/2011	3,000,000	09/08/2011	30/06/2016	30.0	1.90	N/A	35.5
Thomas Sanders	01/08/2011	2,000,000	05/08/2011	30/06/2016	25.0	2.31	N/A	28.8
Mark Edwards	01/08/2011	500,000	05/08/2011	30/06/2016	25.0	2.31	N/A	59.8
Michael Kitney	01/08/2011	500,000	05/08/2011	30/06/2016	25.0	2.31	N/A	59.8

DIRECTORS' MEETINGS

During the year the Company held three meetings of directors. The attendance of directors at the meetings of the board were:

	Directors Meetings	
	A	B
Thomas Sanders	3	3
Mark Edwards	3	3
Michael Kitney	3	3

Notes

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the year.

SHARES UNDER OPTION

At the date of this report there are 28,250,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	-
Movements of share options during the year:	
Issued, exercisable at 25 cents, on or before 31 December 2014	21,250,000
Issued, exercisable at 25 cents, on or before 30 June 2016	3,000,000
Issued, exercisable at 30 cents, on or before 30 June 2016	3,000,000
Total number of options outstanding as at 30 June 2012	**27,250,000**
Movements subsequent to the reporting date:	
Issued, exercisable at 50 cents, on or before 31 December 2016	1,000,000
Total number of options outstanding as at the date of this report	28,250,000

The balance is comprised of the following:

Expiry date	Exercise price (cents)	Number of options
31 December 2014	25	21,250,000
30 June 2016	25	3,000,000
30 June 2016	30	3,000,000
31 December 2016	50	1,000,000
Total number of options outstanding at the date of this report		**28,250,000**

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Breaker Resources NL paid a premium of $10,695 to insure the directors and secretary of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

NON AUDIT SERVICES

The following non audit services were provided by the entity's auditor, Rothsay Chartered Accountants, or associated entities. The directors are satisfied that the provision of non audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general standard of independence for auditors.

Rothsay Chartered Accountants received or are due to receive the following amounts for the provision of non audit services:

	2012 $	2011 $
Investigating Accountants Report for the IPO prospectus	**8,800**	-

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.

Signed in accordance with a resolution of the directors.

Thomas Sanders

Executive Chairman

Perth, 28 September 2012

audit independence **declaration**

The Directors
Breaker Resources NL
Unit 2, 20 Altona St
West Perth WA 6005

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2012 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 28 September 2012

corporate governance **statement**

Role of the Board of Directors

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board of Directors

The Board is responsible for corporate governance of the Company. The goals of the corporate governance processes are to:

(a) maintain and increase Shareholder value;

(b) ensure a prudential and ethical basis for the Company's conduct and activities;

(c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

(a) developing initiatives for profit and asset growth;

(b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;

(c) acting on behalf of, and being accountable to, the Shareholders; and,

(d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

(a) the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and

(b) the principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

Two of the three Directors of the Company are independent. In determining whether or not directors are independent, the Board applies the criteria as set out in the ASX recommendations.

The role of the Chairman and Chief Executive Officer is currently exercised by the same person. . It is the Board's intention to appoint an independent Chairman when the size of the Company and its activities warrant it. In the meantime, the Company will appoint an independent director (or a director who does not have a conflict of interest)to take over the role of the Chair when the Chair is unable to act in that capacity as a result of his or her lack of independence

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Group's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that gold exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Group.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the Group's size and the resources it has available.

corporate governance **statement** continued

	ASX Principle	Status	Reference/comment
Principle 1: Lay solid foundations for management and oversight			
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	**A**	The Company's Corporate Governance Manual includes a Board Charter, which discloses the specific responsibilities of the Board. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Managing Director or Chief Executive Officer, and if one has not been appointed, to the Executive Chairman.
1.2	Companies should disclose the process for evaluating the performance of senior executives	**A**	The Company's Corporate Governance Manual includes a section on performance evaluation practices adopted by the Company. The Chair will monitor the Board and the Board will monitor the performance of any senior executives who are not directors, including measuring actual performance against planned performance.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	**A**	No performance evaluation of senior executives has taken place to date. Future annual reports will disclose whether such a performance evaluation has taken place in the relevant reporting period and whether it was in accordance with the process disclosed. The Board Charter can be viewed in the Company's Corporate Governance Manual on the Company website.
Principle 2: Structure the board to add value			
2.1	A majority of the board should be independent directors	**A**	The board comprises three directors, two of whom are independent (Michael Kitney and Mark Edwards).
2.2	The chair should be an independent director	**N/A**	Given the Company's background, the nature and size of its business and the current stage of its development, the Board believes that the current board structure is acceptable. It is the Company's intention to comply with this principle at a time when the size of the Company and its activities warrant it.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	**N/A**	The role of the Chairman and Chief Executive Officer is exercised by the same person. The Company will appoint an independent director to take over the role of the Chair when the Chair is unable to act in that capacity as a result of his lack of independence.
2.4	The board should establish a nomination committee	**A**	The nomination committee is comprised of the full board. A copy of the nomination committee charter is available on the Company's website. The nomination committee has not met during the reporting period, however all matters that might properly be dealt with by the nomination committee are subject to regular scrutiny at full board meetings.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	**A**	The Company's Corporate Governance Manual includes a section on performance evaluation practices adopted by the Company. The chair will review the performance of the Board, its committees and individual directors to ensure that the Company continues to have a mix of skills and experience necessary for the conduct of its activities. The Company will appoint a lead independent director to take over the role of the Chair when the Chair is unable to act in that capacity as a result of his lack of independence.

A = Adopted
N/A = Not adopted

	ASX Principle	Status	Reference/comment
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	A	The skills, experience and period of office of Directors are set out in the Company's Annual Report (Directors' Report) and on its website. A statement as to the Company's materiality threshold is disclosed in the Company's Board Charter, which can be viewed in the Corporate Governance Manual on the Company's website. No performance evaluation of the Board, its committees and individual directors has taken place to date. Future annual reports will disclose whether such a performance evaluation has taken place in the relevant reporting period and whether it was in accordance with the process disclosed. The Corporate Governance Manual, which includes the Nomination Committee Charter, is posted on the Company's website.
Principle 3:	**Promote ethical and responsible decision making**		
3.1	Companies should establish a code of conduct and disclose the code	A	The Company's Corporate Governance Manual includes a 'Corporate Code of Conduct', which provides a framework for decisions and actions in relation to ethical conduct in employment.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them	A	The Company's Corporate Governance Manual includes a 'Diversity Policy', which provides a framework for establishing measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them	N/A	Given the Company's size and stage of development as an exploration company, the board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	A	The proportion of women employees in the whole organisation is nil. There are currently no women in senior executive positions. There are currently no women on the board.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3	A	The Corporate Governance Manual, which includes the Corporate Code of Conduct and Diversity Policy, is posted on the Company's website.
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee	A	There are two non-executive directors on the board. Sourcing alternative directors to strictly comply with this Principle is considered expensive with costs out weighing potential benefits. The board believes that this is both appropriate and acceptable at this stage of the Company's development.

A = Adopted
N/A = Not adopted

corporate governance **statement** continued

	ASX Principle	Status	Reference/comment
4.2	The audit committee should be structured so that it:		
	• consists only of non executive directors	N/A	There are two non-executive directors on the board. Sourcing alternative directors to strictly comply with this Principle is considered expensive with costs out weighing potential benefits. The board believes that this is both appropriate and acceptable at this stage of the Company's development.
	• consists of a majority of independent directors	A	
	• is chaired by an independent chair, who is not chair of the board	A	
	• has at least three members	A	
4.3	The audit committee should have a formal charter	A	A copy of the audit committee charter is available on the Company's website.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	A	The audit committee is to meet at least annually and otherwise as required. However, the audit committee has not met during the reporting period.
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	A	The Company has a continuous disclosure policy in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	A	The Corporate Governance Manual, which includes a continuous disclosure program, is posted on the Company's website.
Principle 6:	Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	A	The Company's Corporate Governance Manual includes a shareholders communication strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	A	The Company has formulated a Communication Policy which can be viewed on the Company's website.
Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	A	The Company's Corporate Governance Manual includes a risk management policy. The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	A	The Company's Corporate Governance Manual includes a risk management policy. The Board will require either the Managing Director, Chief Executive Officer or the Chief Financial Officer to provide a report at the relevant time.

A = Adopted
N/A = Not adopted

	ASX Principle	Status	Reference/comment
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	**A**	Assurance received.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	**A**	
Principle 8: Remunerate fairly and responsibly			
8.1	The board should establish a remuneration committee	**A**	A remuneration committee has been formed with the Charter available on the Company's website. The remuneration committee is comprised of the full board. The remuneration committee has not met during the reporting period, however all matters that might properly be dealt with by the remuneration committee are subject to regular scrutiny at full board meetings.
8.2	The remuneration committee should be structured so that it:		
	• consists of a majority of independent directors	**A**	
	• is chaired by an independent chair	**A**	
	• has at least three members.	**A**	
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	**A**	The Board has distinguished the structure of non-executive directors' remuneration from that of executive directors and senior executives. The Company's constitution provides that the remuneration of nonexecutive Directors will be not be more than the aggregate fixed sum set by the constitution and subsequently varied by resolution at a general meeting of shareholders. The Board is responsible for determining the remuneration of executive directors and senior executives (without the participation of the affected director). It is the Board's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating executive directors and senior executives fairly and appropriately with reference to relevant employment market conditions and by linking the nature and amount of executive directors' and senior executives emoluments to the Company's financial and operational performance.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	**A**	The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

A = Adopted
N/A = Not adopted

Statement of Comprehensive **Income**

YEAR ENDED 30 JUNE 2012

	Notes	2012 $	2011 $
REVENUE	3	**45,572**	-
EXPENDITURE			
Administration expenses		**(228,611)**	(12,386)
Depreciation expense		**(10,666)**	(649)
Employee benefits expenses		**(24,469)**	-
Exploration and evaluation expenses		**(1,719,990)**	(306,601)
Share-based payment expenses		**(126,300)**	-
LOSS BEFORE INCOME TAX		**(2,064,464)**	(319,636)
INCOME TAX BENEFIT / (EXPENSE)	4	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF BREAKER RESOURCES NL		**(2,064,464)**	(319,636)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	18	**(9.8)**	(10.2)

The above Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Statement of Financial **Position**

AT 30 JUNE 2012

	Notes	2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	5	**6,981,610**	3,450
Trade and other receivables	6	**164,611**	4,294
TOTAL CURRENT ASSETS		**7,146,221**	7,744
NON CURRENT ASSETS			
Plant and equipment	7	**200,471**	4,987
TOTAL NON CURRENT ASSETS		**200,471**	4,987
TOTAL ASSETS		**7,346,692**	12,731
CURRENT LIABILITIES			
Trade and other payables	8	**1,280,817**	5,000
Borrowings	9	**-**	323,867
TOTAL CURRENT LIABILITIES		**1,280,817**	328,867
TOTAL LIABILITIES		**1,280,817**	328,867
NET DEFICIENCY		**6,065,875**	(316,136)
EQUITY			
Contributed equity	10	**8,323,675**	3,500
Reserves		**126,300**	-
Accumulated losses		**(2,384,100)**	(319,636)
NET DEFICIENCY		**6,065,875**	(316,136)

The above Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Statement of Changes in **Equity**

YEAR ENDED 30 JUNE 2012

	Notes	Contributed Equity	Share-Based Payments Reserve	Accumulated Losses	Net Deficiency
		$	$	$	$
BALANCE AT INCORPORATION		-	-	-	-
Loss for the period		-	-	(319,636)	(319,636)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		-	-	(319,636)	(319,636)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the period	10	3,500	-	-	3,500
BALANCE AT 30 JUNE 2011		3,500	-	(319,636)	(316,136)
Loss for the year		**-**	**-**	**(2,064,464)**	**(2,064,464)**
TOTAL COMPREHENSIVE LOSS		**-**	**-**	**(2,064,464)**	**(2,064,464)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	10	**9,060,000**	**-**	**-**	**9,060,000**
Share issue transaction costs	10	**(739,825)**	**-**	**-**	**(739,825)**
Issue of employee and contractor options	19	**-**	**126,300**	**-**	**126,300**
BALANCE AT 30 JUNE 2012		**8,323,675**	**126,300**	**(2,384,100)**	**6,065,875**

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements

Statement of **Cash Flows**

YEAR ENDED 30 JUNE 2012

	Notes	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(194,730)**	(7,386)
Payments for exploration and evaluation expenditure		**(680,704)**	(310,895)
Interest received		**45,572**	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	17	**(829,862)**	(318,281)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**(188,286)**	(5,636)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(188,286)**	(5,636)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**8,556,446**	3,500
Payments of share issue transaction costs		**(739,825)**	-
Proceeds from borrowings		**311,726**	323,867
Repayment of borrowings		**(132,039)**	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		**7,996,308**	327,367
NET INCREASE IN CASH AND CASH EQUIVALENTS		**6,978,160**	3,450
Cash and cash equivalents at the beginning of the year		**3,450**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	**6,981,610**	3,450

The above Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Notes to the **Financial Statements**

30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for Breaker Resources NL as an individual entity. The financial statements are presented in the Australian currency. Breaker Resources NL is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 28 September 2012. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Breaker Resources NL is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of Breaker Resources NL also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and isnot likely to affect future periods.

(iii) Early adoption of standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which have been measured at fair value.

(b) Segment reporting

An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(c) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(f) Trade and other receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(g) Financial assets

Classification

The Group classifies all of its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or in an otherwise timely manner. The amount of the impairment allowance is the difference between the asset's carrying amount and the estimated future cash flows. None of the Group's loans and receivables has an applicable interest rate hence the cash flows are not discounted.

The amount of the impairment loss is recognised in the statement of comprehensive income within impairment expenses. When a loan or receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

(h) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Notes to the **Financial Statements** continued

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Depreciation of plant and equipment is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. All plant and equipment is depreciated at the rate of 25% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(d)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(i) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(k) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(l) Share-based payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'); refer to note 19.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Options over ordinary shares have also been issued as consideration for the acquisition of interests in tenements and other services. These options have been treated in the same manner as employee options described above, with the expense being included as part of exploration expenditure.

(m) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Company.

AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Company has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Company is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2011) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Company has not yet determined any potential impact on the financial statements from adopting AASB 9.

Notes to the **Financial Statements** continued

30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012)

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Company.

AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011/1 January 2013)

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Company.

AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2011–7] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2011–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

This Standard is not expected to impact the Company.

AASB 1054: Australian Additional Disclosures (applies to periods beginning on or after 1 January 2013)

This Standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB.

This Standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:

- compliance with Australian Accounting Standards;
- the statutory basis or reporting framework for financial statements;
- whether the financial statements are general purpose or special purpose;
- audit fees; and
- imputation credits.

This Standard is not expected to impact the Company.

AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project – Reduced disclosure regime [AASB 101 & AASB 1054] (applies to periods beginning on or after 1 July 2013)

This Standard makes amendments to the application of the revised disclosures to Tier 2 entities that are applying AASB 1053.

This Standard is not expected to impact the Company.

AASB 10: Consolidated Financial Statements (applies to periods beginning on or after 1 January 2013)

This Standard establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and Interpretation 112Consolidation – Special Purpose Entities.*

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This Standard is not expected to impact the Company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

AASB 11: Joint Arrangements (applies to periods beginning on or after 1 January 2013)

This Standard replaces AASB 131 Interests in Joint Ventures and Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition, AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the Company.

AASB 12: Disclosures of Interests in Other Entities (applies to periods beginning on or after 1 January 2013)

This Standard includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The Company has not yet determined any potential impact on the financial statements.

AASB 13: Fair Value Measurement (applies to periods beginning on or after 1 January 2013)

This Standard establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under AASB when fair value is required or permitted by AASB. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. The Company has not yet determined any potential impact on the financial statements.

AASB 119: Employee Benefits (applicable for annual reporting periods commencing on or after 1 January 2013)

The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The definition of short-term benefits has been revised, meaning some annual leave entitlements may become long-term in nature with a revised measurement. Similarly the timing for recognising a provision for termination benefits has been revised, such that provisions can only be recognised when the offer cannot be withdrawn. Consequential amendments were also made to other standards via AASB 2011-10.

Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine (applicable for annual reporting periods commencing on or after 1 January 2013)

This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset".

The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.

(p) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

(q) Accounting period

The Company was incorporated on 2 July 2010. The comparative information included in these financial statements is for the period from incorporation to 30 June 2011.

Notes to the **Financial Statements** continued

30 JUNE 2012

2. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the full Board of Directors as the Company believes that it is crucial for all board members to be involved in this process. The Executive Chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

As all operations are currently within Australia the Company is not exposed to foreign exchange risk.

(ii) Commodity price risk

Given the current level of operations the Company is not exposed to commodity price risk.

(iii) Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents. The Company policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Company $6,981,610 (2011: $3,450) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Company was 1.1% (2011: nil).

Sensitivity analysis

At 30 June 2012, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Company would have been $42,950 lower/higher (2011: n/a) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Company has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Company does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Company are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the balance date are recorded at amounts approximating their carrying amount due to their short term nature.

3. SEGMENT INFORMATION

For management purposes, the Company has identified only one reportable segment as exploration activities undertaken in Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Company's mineral assets in this geographic location.

Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Company's accounting policies.

3. SEGMENT INFORMATION (cont'd)

	2012 $	2011 $
Exploration segment		
Segment revenue	**-**	-
Reconciliation of segment revenue to total revenue before tax:		
Interest revenue	**45,572**	-
Total revenue	**45,572**	-
Segment results	**(1,719,990)**	(306,601)
Reconciliation of segment result to net loss before tax:		
Depreciation expense	**(10,666)**	(649)
Other corporate and administration expenses	**(333,808)**	(12,386)
Net loss before tax	**(2,064,464)**	(319,636)
Segment operating assets	**318,752**	4,294
Reconciliation of segment operating assets to total assets:		
Other corporate and administration assets	**7,027,940**	8,437
Total assets	**7,346,692**	12,731
Total assets includes additions to non-current assets		5,636
Segment operating liabilities	**1,186,621**	-
Reconciliation of segment operating liabilities to total liabilities:		
Other corporate and administration liabilities	**94,196**	328,867
Total liabilities	**1,280,817**	328,867

4. INCOME TAX

(a) Income tax expense		
Current tax	**-**	-
Deferred tax	**-**	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(2,064,464)**	(319,636)
Prima facie tax benefit at the Australian tax rate of 30%	**(619,339)**	(95,891)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**37,890**	-
	(581,449)	(95,891)
Movements in unrecognised temporary differences	**(44,390)**	1,500
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**625,839**	94,391
Income tax expense	**-**	-
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
On Income Tax Account		
Accruals	**1,500**	1,500
Capital raising costs	**177,558**	-
Carry forward tax losses	**720,230**	94,391
	899,288	95,891
Deferred Tax Liabilities (at 30%)	**-**	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Company's ability to use losses in the future is subject to the Company satisfying the relevant tax authority's criteria for using these losses.

Notes to the **Financial Statements** continued

30 JUNE 2012

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2012 $	2011 $
Cash at bank and in hand	**6,981,610**	3,450
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**6,981,610**	3,450

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

6. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Prepayments	**12,982**	-
Sundry receivables	**151,629**	4,294
	164,611	4,294

7. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Plant and equipment		
Cost	**211,785**	5,636
Accumulated depreciation	**(11,314)**	(649)
Net book amount	**200,471**	4,987
Plant and equipment		
Opening net book amount	**4,987**	-
Additions	**206,150**	5,636
Depreciation charge	**(10,666)**	(649)
Closing net book amount	**200,471**	4,987

8. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade creditors	**846,052**	-
Other payables and accruals	**434,765**	5,000
	1,280,817	5,000

9. CURRENT LIABILITIES - BORROWINGS

Amount payable to significant shareholder	-	323,867

The amount payable to the significant shareholder, Thomas and Helen Sanders ("Sanders"), was interest free and unsecured. Sanders entered into the loan agreement with the Company on the following terms:

1. The loan is interest free and unsecured.
2. Subject to 3, 4 and 5 below, the loan is repayable on demand by Sanders.
3. Sanders will not make demand from the Company unless and to the extent that the Company has from time to time sufficient net funds at hand, after satisfaction of, or provision is made, for the Company's other liabilities, to satisfy such demand.
4. In 2012, Mr & Mrs Sanders elected to convert all of the loan to ordinary shares in the Company, at an issue price of 10 cents, by notice in writing to the Company.

10. CONTRIBUTED EQUITY

(a) Share capital

	Notes	2012 Number of shares	2012 $	2011 Number of shares	2011 $
Ordinary shares fully paid	10(b), 10(c)	**55,100,004**	**8,323,675**	7,000,004	3,500
Total issued capital		**55,100,004**	**8,323,675**	7,000,004	3,500

	2012 Number of shares	2012 $	2011 Number of shares	2011 $
(b) Movements in ordinary share capital				
Beginning of the financial year	**7,000,004**	**3,500**	-	-
Issued during the year:				
– Issued at incorporation	**-**	**-**	2	-
– Issued to seed investors	**5,600,000**	**560,000**	3,500,000	3,500
– 2:1 share split	**-**	**-**	3,500,002	-
– Issued at IPO	**42,500,000**	**8,500,000**	-	-
Transaction costs	**-**	**(739,825)**	-	-
End of the financial year	**55,100,004**	**8,323,675**	7,000,004	3,500

(c) Movements in options on issue

	Number of options 2012	Number of options 2011
Beginning of the financial year	-	-
Issued, exercisable at 25 cents, on or before 31 December 2014	21,250,000	-
Issued, exercisable at 25 cents, on or before 30 June 2016	3,000,000	-
Issued, exercisable at 30 cents, on or before 30 June 2016	3,000,000	-
End of the financial year	27,250,000	-

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2012 and 30 June 2011 are as follows:

Cash and cash equivalents	**6,981,610**	3,450
Trade and other receivables	**164,611**	4,294
Trade and other payables	**(1,280,817)**	(5,000)
Borrowings	**-**	(323,867)
Working capital position	**5,865,404**	(321,123)

11. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

Notes to the **Financial Statements** continued

30 JUNE 2012

12. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

Short-term b enefits	**65,153**	-
Post-employment benefits	**-**	-
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**126,300**	-
	191,453	-

Detailed remuneration disclosures are provided in the remuneration report on pages 17 and 18.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on page 19.

(ii) Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of Breaker Resources NL and other key management personnel of the Company, including their personally related parties, are set out below:

2012	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Breaker Resources NL							
Thomas Sanders	-	5,000,000	-	635,000	5,635,000	5,635,000	-
Mark Edwards	-	500,000	-	-	500,000	500,000	-
Michael Kitney	-	500,000	-	12,500	512,500	512,500	-

All vested options are exercisable at the end of the year.

2011	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Breaker Resources NL							
Thomas Sanders	-	-	-	-	-	-	-
Mark Edwards	-	-	-	-	-	-	-
Michael Kitney	-	-	-	-	-	-	-
Other key management personnel of the Company							
Graeme Smith	-	-	-	-	-	-	-

(iii) Shareholdings

The numbers of shares in the company held during the financial year by each director of Breaker Resources NL and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2012	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Breaker Resources NL				
Ordinary shares				
Thomas Sanders	5,000,004	-	6,770,000	11,770,004
Mark Edwards	1,000,000	-	50,000	1,050,000
Michael Kitney	1,000,000	-	75,000	1,075,000

12. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

2011	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Breaker Resources NL				
Ordinary shares				
Thomas Sanders	-	-	5,000,004	5,000,004
Mark Edwards	-	-	1,000,000	1,000,000
Michael Kitney	-	-	1,000,000	1,000,000
Other key management personnel of the Company				
Ordinary shares				
Graeme Smith	-	-	-	-

(c) Loans to/from key management personnel

There were no loans to key management personnel during the year.

The following loan was provided to the Company from Mr Sanders during the year:

	2012 $	2011 $
Beginning of the year	**323,867**	-
Loan funds advanced	**311,726**	323,867
Loan repayments made	**(635,593)**	-
End of the year	**-**	323,867

Refer to note 9 for the terms and conditions of the loan from Mr Sanders. On 9 August 2011, following shareholder approval, the Company issued 4,000,000 ordinary shares to Thomas and Helen Sanders in accordance with the terms of the loan agreement described at note 9, thereby reducing the loan amount owed by the Company by $400,000. A further amount of $103,554 was repaid by the issue of 1,035,540 ordinary shares on 11 November 2011 as approved by shareholders at the AGM on 10 November 2011. The loan was repaid in full on 23 April 2012.

(d) Other transactions with key management personnel

Services

In addition to the services provided by Mr Sanders, the value of which is shown as Mr Sanders' remuneration in the remuneration report on page 18, Goldfields Geological Associates is also reimbursed for other Company expenses including office leasing and maintenance costs at cost, and other out-of-pocket expenses incurred on the Company's behalf. The value of these expenses incurred during the year was $49,894 (2011: Nil), and the total balance owing to Goldfields Geological Associates at the reporting date was $49,878 (2011: Nil).

13. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2012 $	2011 $
(a) Audit services		
Rothsay Chartered Accountants – audit and review of financial reports	**8,000**	5,000
Total remuneration for audit services	**8,000**	5,000
(b) Non-audit services		
Rothsay Consulting Services Pty Ltd – independent accountants report	**8,800**	-
Total remuneration for other services	**8,800**	-

Notes to the **Financial Statements** continued

30 JUNE 2012

14. CONTINGENCIES

Pursuant to a mineral exploration and land access agreement (**MELA Agreement**) with the Cosmo Newberry (Aboriginal Corporation) and Yilka Native Title Group (WAD297/08) (together the **Indigenous Party**), the Company, whilst it holds certain tenement licences, must pay the following consideration to the Indigenous Party:

(i) $200,000 within 7 days of each of the first and second anniversary of the date of the MELA Agreement;
(ii) $200,000 within 7 days of the third anniversary and each subsequent anniversary of the date of the MELA Agreement indexed for CPI (All Groups) until the termination of the MELA Agreement; and

in addition to the above, within 28 days of the Company filing exploration expenditure reports with the Department of Mines and Petroleum, the Company must pay the Indigenous Party 10% of its overall exploration expenditure *in relation to the "Agreement Area"* for the previous year less the relevant amount payable for that year under any of the above, where 10% of its overall exploration expenditure for the previous year is greater than the relevant amount payable for that year under any of the above. *"Agreement Area" means the aboriginal reserves the subject of that agreement (reserves 22032, 25050, 20396 and 25051) and the area of the Yilka native title claim referred to above.*

15. COMMITMENTS

Exploration commitments

The Company has certain commitments to meet minimum expenditure requirements on the mining exploration assets it has an interest in. Outstanding exploration commitments are as follows:

within one year	-
later than one year but not later than five years	-
	-

16. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

17. STATEMENT OF CASH FLOWS

Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(2,064,464)**	(319,636)
Non Cash Items		
Depreciation of non current assets	**10,666**	649
Share-based payments expense	**126,300**	-
Change in operating assets and liabilities		
(Increase) in trade and other receivables	**(160,317)**	(4,294)
Increase in trade and other payables	**1,257,953**	5,000
Net cash outflow from operating activities	**(829,862)**	(318,281)

18. LOSS PER SHARE

(a) Reconciliation of earnings used in calculating loss per share

	2012 $	2011 $
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(2,064,464)**	(319,636)

(b) Weighted average number of shares used as the denominator

	Number of shares	
	2012	2011
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**20,982,791**	3,147,141

(c) Information on the classification of options

As the Company has made a loss for the year ended 30 June 2012, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

19. SHARE-BASED PAYMENTS

(a) Employees Share Options

The Company provides benefits to employees (including directors) and contractors of the Company in the form of share-based payment transactions, whereby employees render services in exchange for options to acquire ordinary shares. The exercise price of the options granted is ranges from 25 to 30 cents per option with an expiry dates of 30 June 2016.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Set out below are summaries of the share-based payment options granted:

	The Company			
	2012		2011	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the financial year	**-**	**-**	-	-
Granted	**6,000,000**	**27.5**	-	-
Forfeited/cancelled	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Outstanding at year-end	**6,000,000**	**27.5**	-	-
Exercisable at year-end	**6,000,000**	**27.5**	-	-

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 4.0 years (2011: n/a), and the exercise prices range from 25 to 30 cents.

Notes to the **Financial Statements** continued

30 JUNE 2012

19. SHARE-BASED PAYMENTS (cont'd)

The weighted average fair value of the options granted during the year was 2.18 cents (2011: n/a). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2012 $	2011 $
Weighted average exercise price (cents)	27.5	-
Weighted average life of the option (years)	4.9	-
Weighted average underlying share price (cents)	10.0	-
Expected share price volatility	50%	-
Weighted average risk free interest rate	4.35%	-

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	2012 $	2011 $
Options issued to employees as part of share-based payment expenses	**126,300**	-

Directors' **Declaration**

In the directors' opinion:

(a) the financial statements comprising the statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes set out on pages 27 to 45 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

This declaration is made in accordance with a resolution of the directors.

Tom Sanders
Executive Chairman
Perth, 28 September 2012

Independent Audit **Report**

ROTHSAY

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BREAKER RESOURCES NL

Report on the financial report

We have audited the accompanying financial report of Breaker Resources NL (the Company") which comprises the statement of financial position as at 30 June 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

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

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

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.

Audit opinion

In our opinion the financial report of Breaker Resources NL is in accordance with the *Corporations Act 2001*, including:

a) (i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the period ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the period ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of Breaker Resources NL for the period ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Rothsay

Graham Swan
Partner
Dated 28 September 2012

ASX Additional **Information**

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 26 September 2012.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary shares		Options	
	Number of holders	Number of shares	Number of holders	Number of options
1- 1,000	**2**	**3**	0	0
1,001 - 5,000	**6**	**23,000**	153	765,000
5,001 - 10,000	**84**	**835,600**	47	381,250
10,001- 100,000	**133**	**4,518,154**	104	2,678,793
100,001- and over	**31**	**49,723,247**	16	17,424,957
	256	**55,100,004**	320	21,250,000
The number of equity security holders holding lessthan a marketable parcel of securities are:	**2**	**3**	182	966,250

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	HSBC Custody Nominees (Australia) Limited	15,105,348	27.41
2	Mr Thomas Stephen Sanders & Mrs Helen Sanders	11,750,004	21.33
3	J P Morgan Nominees Australia Limited	6,254,999	11.35
4	Kurraba Investments Pty Ltd	5,000,000	9.07
5	National Nominees Limited	2,500,000	4.54
6	Citicorp Nominees Pty Limited	1,144,652	2.08
7	Mark Robert Edwards	1,050,000	1.91
8	Michael John Kitney & Dale Jayne Kitney	1,050,000	1.91
9	Mr Wilhelm Schroder	971,000	1.76
10	Colbern Fiduciary Nominees Pty	960,000	1.74
11	T T Nicholls Pty Ltd	472,500	0.86
12	Cypress Securities Pty Ltd	400,000	0.73
13	Jasper Hill Resources Pty Ltd	350,000	0.64
14	Cornela Pty Ltd	350,000	0.64
15	Alderhaus Pty Ltd	300,000	0.54
16	The Constantine Family Foundation Pty Ltd	250,000	0.45
17	Tecca Pty Ltd	249,744	0.45
18	Mr Michael Frank Manford	245,000	0.45
19	Future Super Pty Ltd	23 5,000	0.43
20	Talex Investments Pty Ltd	210,000	0.38
		48,848,247	**88.67**

(c) Twenty largest quoted option holders

The names of the twenty largest holders of quoted options are:

		Listed options	
		Number of options	Percentage of total options
1	HSBC Custody Nominees (Australia) Limited	7,552,674	35.54
2	J P Morgan Nominees Australia Limited	2,800,000	13.18
3	Kurraba Investments Pty Ltd	2,500,000	11.77
4	National Nominees Limited	1,250,000	5.88
5	Mr Thomas Stephen Sanders & Mrs Helen Sanders	625,000	2.94
6	Citicorp Nominees Pty Limited	572,326	2.69
7	Mr Wilhelm Schroder	550,000	2.59
8	Talex Investments Pty Ltd	488,457	2.30
9	Mr Murray Leslie Siviour	344,000	1.62
10	T T Nicholls Pty Ltd	200,000	0.94
11	Cornela Pty Ltd	175,000	0.82
12	Jasper Hill Resources Pty Ltd	125,000	0.59
13	McAlister Pty Limited	125,000	0.59
14	Tecca Pty Ltd	125,000	0.59
15	Mr Michael Frank Manford	117,500	0.55
16	Nefco Nominees Pty Ltd	92,500	0.44
17	Cheetah Holdings Pty Ltd	85,000	0.40
18	Mr Chee Chin	82,500	0.39
19	Future Super Pty Ltd	80,000	0.38
20	Kahala Holdings Pty Ltd	80,000	0.38
		17,969,957	**84.58**

(d) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
Mr Thomas Stephen Sanders & Mrs Helen Sanders	11,750,004
CQS Asset Management Limited	5,000,000
HSBC Custody NomineesAustralia Limited (Altus Resource Capital Limited)	5,000,000
Geologic Resource Fund	6,250,000
Nestor Investment Management S.A	4,119,999

(e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(f) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning
Attila West Project	E38/2530	100%
Attila West Project	E38/2532	100%
Attila West Project	E38/ 2598	100%
De La Poer Project	E38/2516	100%
De La Poer Project	E38/2517	100%
De La Poer Project	E38/ 2518	100%
De La Poer Project	E38/ 2519	100%
De La Poer Project	E38/2520	100%
Dexter Project	E38/ 2695	100%

ASX Additional **Information** continued

Location	Tenement	Percentage held / earning
Dexter Project	E39/1611	100%
Dexter Project	E39/1614	100%
Duketon North Project	E53/1592	100%
Duketon North Project	E38/2511	100%
Duketon North Project	E38/2512	100%
Kingston Project	E38/2521	100%
Kurrajong Project	E38/ 2531	100%
Kurrajong Project	ELA38/ 2537	100%
Kurrajong Project	E38/2536	100%
Mt Gill Project	E38/2529	100%
Mt Gill Project	E38/2513	100%
Mt Sefton Project	E38/2514	100%

(g) Restricted Securities

The number of restricted securities on issue are:

Class	Number of Restricted Securities	Date Escrow Period Ends
Ordinary Fully Paid Shares	9,800,000	18 April 2014
Unlisted 25 cent Options, Expiry 30 June 2016	3,000,000	18 April 2014
Unlisted 30 cent Options, Expiry 30 June 2016	3,000,000	18 April 2014

(h) Unquoted Securities

Class	Number of Securities	Number of Holders
Fully Paid Ordinary Shares	9,800,000	3
Unlisted 25 cent Options, Expiry 30 June 2016	3,000,000	3
Unlisted 30 cent Options, Expiry 30 June 2016	3,000,000	1
Unlisted 50 cent Options, Expiry 30 June 2016	1,000,000	1

Class	Holders of 20% or more of the class		
	Holder Name	Number of Securities	% Held
Fully Paid Ordinary Shares	Tom and Helen Sanders	7,750,000	79%
Unlisted 25 cent Options, Expiry 30 June 2016	Tom and Helen Sanders	2,000,000	67%
Unlisted 30 cent Options, Expiry 30 June 2016	Tom and Helen Sanders	3,000,000	100%
Unlisted 50 cent Options, Expiry 30 June 2016	Alistair Barker	1,000,000	100%

(i) Use of Funds

The Company has, during the period from admission to the Official List of the ASX to June 30 2012, used the funds that it had at the time of admission in a way consistent with its initial business objectives.

BREAKER
Resources NL