BREAKER RESOURCES NL

Financial Report for the Year ended 30 June 2022

Corporate Directory

Board of Directors

Peter Cook	Non-Executive Chairman
Thomas Sanders	Managing Director
Mark Edwards	Non-Executive Director
Michael Kitney	Non-Executive Director
Linton Putland	Non-Executive Director
Eric Vincent	Non-Executive Director

Senior Management

Alastair Barker	Exploration Manager
Samuel Smith	Chief Operating Officer
Lisa Wynne	Chief Financial Officer & Company Secretary
Sarah Sutcliffe	Manager Corporate Affairs

Principal Place of Business & Registered Office

12 Walker Avenue
West Perth, Western Australia 6005

Tel: +61 8 9226 3666
Fax: +61 8 9226 3668
Email: breaker@breakerresources.com.au
Website: www.breakerresources.com.au

ABN

87 145 011 178

Auditors

Rothsay Audit & Assurance Pty Ltd
Level 1, 4 Ventnor Avenue
West Perth, Western Australia 6005

Solicitors

Hopgood Ganim
Level 27, 77 St George's Terrace
Perth, Western Australia 6000

Share Registry

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth, Western Australia 6000

Tel: 1300 288 664 (within Australia)
+61 2 9698 5414 (outside Australia)
Email: hello@automic.com.au
Website: www.automic.com.au

Securities Exchange Listing

Shares in Breaker Resources NL are quoted on ASX Limited (code: BRB). The Home Exchange is Perth, Western Australia.

Contents

Chairman's Letter

Dear Shareholders,

I am pleased to present you the Annual Report for Breaker Resources NL for the year ended June 30, 2022.

It has been another highly successful year at our Lake Roe Gold Project. We have spent the last 5 years drilling fleshing out a new 9km long system with the majority of the work focused on the 3km-long, 1.5Moz Bombora deposit. Greenfields discoveries like this typically take 7 years to get ready for production and this one is no different.

The results to date have been very encouraging and point towards a significant open pit and underground gold development that is expected to keep expanding with further drilling and ongoing mining studies.

The recognition of numerous, strike-extensive high-grade primary structures at relatively shallow depth below a large open pit Resource has considerably enhanced our development options. A Mineral Resource update in December 2021 resulted in a 23% increase to 1.7 million ounces seven months following a 40% increase in April 2021.

The Company released positive economic outcomes from open pit mining and underground mining studies that augur well for the commercialisation of the Lake Roe Project.

An open pit scoping study identified potential for a robust, 3km-long single open pit with scope to rapidly repay capital expenditure and with diluted mining grades of ~1.7g/t.

A positive underground mining study of the Tura lode, one of many high-grade lodes below a 824,000oz open pit Resource at Bombora, indicates potential for diluted mined grades of ~5g/t Au at a production cost of A$1,100/oz giving Bombora genuine scale with ongoing growth expected from other underground lodes.

We maintained a focus on the preservation of shareholder wealth and refreshed focus on the maintenance of our treasury and share capital. We farmed out a majority interest in our Manna Lithium project to a group with significant expertise and support in that sector. Breaker retains a 20% free-carried interest to completion of a positive bankable feasibility study and this has the potential to appreciate quickly. A maiden lithium Resource of 9.9Mt @ 1.14% Li_2O Mineral Resource was announced in February 2022 and GL1 is currently running three drill rigs to expand this, with an update planned for Q4 2022.

Our exploration teams have worked hard and diligently led by our founding Managing Director, Tom Sanders, and their vision and persistence has made the Lake Roe discovery.

This year also marked the acknowledgement that at some point the Company needs to transition from explorer to developer. Significant progress has been made in this regard with key appointments such as Sam Smith as COO.

While the equity markets have been somewhat unfriendly for gold equities as world economic issues impart their shadow on gold and risk assets, we remain undeterred that with steady focussed work, the deep-seated value our assets will start to be reflected in the share price.

I sincerely thank all our shareholders, staff and contractors for support and continued belief in Breaker over the year past.

Yours faithfully,

Peter Cook
Non-Executive Chairman

Directors' Report

The directors of Breaker Resources NL (**Breaker** or the **Company**) herewith submit the financial report on the consolidated entity, being the Company and its subsidiaries (**Group**), for the year ended 30 June 2022.

Information about Officeholders

Directors
The names of the directors of the Company, and its subsidiaries, during or since the end of the financial year and up to the date of this report, and the term of their appointment, are provided below.

Peter Cook BSc (Applied Geology); MSc (Mineral Economics); MAusIMM
Non-Executive Chairman (appointed 6 September 2021)

Mr Peter Cook is a Geologist (BSc (Applied Geology)) and a Mineral Economist (MSc (Min. Econ)), MAusIMM with over 35 years of experience in the field of exploration, project, operational and corporate management of mining companies. He is currently Non-Executive Chairman of Castile Resources Limited (ASX: CST) ("Castille") and Non-Executive Chairman of Titan Minerals Limited (ASX: TTM).

Over the past two decades, Mr Cook has founded and served as Managing Director or Chairman on many Boards and successful miners and developers in gold and base metals. He has served as Managing Director of Westgold Resources Limited (ASX: WGX) ("Westgold") and later as its Non-Executive Chairman before recently stepping back from all executive roles. He also served as Non-Executive Chairman of Nelson Resources Limited (ASX: NES) until February 2019.

Over his distinguished career he has been recognised by industry being awarded the GMJ Mining Executive of the year in 2001, the Asia – Mining Executive of the year in 2015 awarded at the Mines and Money Conference in Hong Kong in 2015, the Mining News CEO of the Year award in 2017 and the Gavin Thomas Mining Award in 2019.

Tom Sanders BSc (Geology); MSc (Mineral Economics); MAusIMM; FAICD
Appointed Executive Chairman on 2 July 2010 and Managing Director on 6 September 2021

Tom Sanders is a geologist with over 35 years' experience in the Australian mining industry. He has extensive experience in project generation, exploration, feasibility, mining and corporate management with a strong emphasis on gold and nickel in Western Australia (**WA**). Mr Sanders has published works on nickel and gold in WA, in addition to regional mineralisation studies on the eastern Kimberley region under contract to the Geological Survey of WA.

Mr Sanders has managed a large number of exploration projects, several of which he progressed into production during a 23 year period based in the Kalgoorlie region in WA. He has extensive production experience on several underground and open pit gold and nickel operations.

Mr Sanders was responsible for identifying Breaker's initial projects and guiding the Company to a successful ASX listing in 2012. Mr Sanders previously founded Navigator Resources Limited and steered that company from initial project acquisition to ASX-listing. He then managed the building of a two million ounce gold resource inventory through discovery and acquisition and identified the Cummins Range rare earth resource.

During the past three (3) years, Mr Sanders has not served as a director on any other listed company.

Mark Edwards BJuris; LLB
Non-Executive Director (appointed 2 July 2010)

Mark Edwards is a solicitor with over 30 years of experience in resources and corporate law. He has advised a number of ASX-listed companies active in the resources sector and 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 to project development agreements and project financing.

During the past three (3) years, Mr Edwards has not served as a director on any other listed company.

Michael Kitney Assoc. Met; Post Grad Dip (Extractive Metallurgy); MSc (Mineral Economics); MAICD; MAusIMM
Non-Executive Director (appointed 2 July 2010)

Mike Kitney is a process engineer with over 40 years' experience in the mining industry. He has participated in the development and construction of projects throughout Australia, Africa, south east Asia and the former Soviet Union. Mr Kitney's particular strengths are in production and mineral processing, all aspects of environmental management, project evaluation and assessment and leadership of interdisciplinary project teams. He brings to the Company vast project development expertise and practical experience in commissioning new projects.

Mr Kitney has previously held senior technical and project management positions with Kasbah Resources Limited, Alcoa Australia Limited, Minproc Engineers Limited, Property Company of London plc, British Phosphate Commissioners, Nelson Gold Corporation Limited and Avocet Mining plc. He is currently a technical consultant to ASX-listed Prospect Resources Limited.

Mr Kitney is currently a Non-Executive Director of Scorpion Minerals Limited (ASX: SCN).

Linton Putland BEng (Mining); MSc (Mineral Economics); MAusIMM, GAICD
Non-Executive Director (appointed 16 August 2018)

Linton Putland holds a degree in mining engineering and a masters in science from the Western Australian School of Mines and has over 30 years' experience in mining operations, joint ventures and corporate management in Australia, Africa and the Americas over a wide range of commodities.

Mr Putland is principal of LJ Putland & Associates, a private mining consultancy company which was founded in 2002, providing advisory and consultancy services in mining project and company evaluation and due diligence appraisals with a focus on corporate growth. During this period he has also been Managing Director of a privately owned exploration company, with joint venture interests in Africa and holds the office of non-executive director for WA Kaolin Limited (appointed 22 May 2020). Prior to this he held corporate and senior management roles in IAMGOLD Corporation, AurionGold Limited, Delta Gold NL and Pancontinental Mining Limited.

Mr Putland is currently an Executive Director of Tesoro Resources Limited (appointed 14 September 2021). During the past three (3) years, Mr Putland has also served as a director on previously ASX-listed companies Kaolin Limited (appointed 20 May 2020; resigned 20 September 2022), Pacific Energy Limited (appointed 18 October 2016; resigned 28 November 2019) and Azumah Resources Limited (appointed 18 July 2018; resigned 14 November 2019).

Eric Vincent BA; JD
Non-Executive Director (appointed 23 March 2020)

Eric Vincent is the President of Sarissa Capital, a healthcare-focused activist investment firm in the United States. Most recently, he served as the Head of Business Development at Mubadala Capital, the financial investment arm of the sovereign wealth firm Mubadala Investment Company. From 2012 through 2017, Mr Vincent was Chief Executive Officer of Electrum Group.

Mr Vincent previously served as President of Ospraie Management, an investment firm focused on commodities and basic industries. From 2007 through October 2009, he served as Chairman of the Board of Directors of the Managed Funds Association, the leading trade association representing the US hedge fund industry.

He began his career as an attorney at Cravath, Swaine & Moore and holds a Juris Doctor degree from Harvard Law School and a Bachelor of Arts degree from Williams College. Mr Vincent was previously a member of the Global Markets Advisory Committee of the US Commodity Futures Trading Commission and a member of the Investor Advisory Group of the Public Company Accounting Oversight Board.

During the past three (3) years, Mr Vincent has not served as a director on any other listed company.

Company Secretary

The name of the company secretary of the Company, and its subsidiaries, during or since the end of the financial year and up to the date of this report, and the term of their appointment, are provided below.

Lisa Wynne ICAA; GAICD; FGIA
Company Secretary (appointed 1 July 2022)

Lisa Wynne has a Bachelor Business and is a Fellow of the Governance Institute of Australia and the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors. Her experience includes over 16 years as CFO & Company Secretary and Board level experience across the commercial sector with a particular focus on the mining and resources, finance, accounting and technology industries across ASX, AIM and TSX listed companies.

Ms Wynne takes over the role of Company Secretary from Ms Sarah Sutcliffe, Breaker's Corporate Affairs Manager, allowing Ms Sutcliffe to accelerate the Company's corporate strategy and continued delivery of corporate excellence to the organisation.

Sarah Sutcliffe AAICD; AGIA
Company Secretary (appointed 9 July 2021; resigned 1 July 2022)

Sarah Sutcliffe has over 10 years' experience as a corporate governance and compliance professional, primarily in the technology and energy sectors. As well as extensive experience as a Company Secretary, Sarah has also been involved in numerous large company transactions including mergers and acquisitions, joint ventures and capital raisings. She holds a Certificate in Governance Practice and Business Administration and is a Member of the Governance Institute of Australia and Australian Institute of Company Directors.

Michelle Simson EMBA (Dist.); GradDipACG; ACIS; AGIA
Company Secretary (appointed 22 October 2012; resigned 30 November 2021)

Michelle Simson has 25 years' administration experience, including the last 15 years in the resources industry working in both exploration and mining companies in the commodities of gold and uranium. She has previously held positions with Agincourt Resources Limited, Nova Energy Limited and Navigator Resources Limited and has completed an Executive Master of Business Administration with Distinction at the University of Western Australia and a Graduate Diploma in Applied Corporate Governance. She is a Chartered Secretary and member of the Governance Institute of Australia.

Board Committee Membership

As at the balance date, the Board has an Audit Committee, Nomination Committee, Remuneration Committee and a Risk Committee. Three of the six directors comprise membership of the Audit, Remuneration and Risk Committees and there are four members of the Nomination Committee. The respective chairmen are:

- Audit Committee: Mark Edwards;
- Nomination Committee: Linton Putland;
- Remuneration Committee: Mike Kitney; and
- Risk Committee: Tom Sanders.

Directors' Meeting

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director is as follows:

	Board of Directors		Committee Meetings							
			Audit		Nomination		Remuneration		Risk	
Director	Held	Present	Held	Present	Held	Present	Held	Present	Held	Present
Peter Cook[1]	8	7	-	-	-	-	-	-	-	-
Tom Sanders	8	8	-	-	1	1	-	-	2	2
Mark Edwards	8	8	2	2	1	1	1	1	-	-
Mike Kitney	8	7	2	2	-	-	1	1	2	1
Linton Putland	8	8	2	2	1	1	1	1	2	2
Eric Vincent	8	8	-	-	1	1	-	-	-	-

[1]Mr Cook joined the Board on 6 September 2021

Directors' Interests

The following table sets out each director's relevant interest in shares and options in shares of the Company or a related body corporate as at the date of this report.

Director	Fully paid ordinary shares **Number**	Unlisted share options **Number**
Peter Cook	1,821,032	2,000,000
Tom Sanders	25,003,420	3,000,000
Mark Edwards	2,037,301	1,250,000
Mike Kitney	735,003	1,250,000
Linton Putland	-	1,250,000
Eric Vincent	58,300	1,250,000

During the financial year 6,250,000 share options were granted to directors of the Company as part of their remuneration (2021: 3,750,000). The issue of the options to directors was approved by shareholders under ASX Listing Rule 10.14 at the 2021 Annual General Meeting of the Company.

Directors' and Officers' Insurance

During the financial year, Breaker paid a premium to insure the directors and secretary of the Company and its subsidiaries. Details of the premium are subject to a confidentiality clause under the contract of insurance. 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.

Corporate Structure

Breaker Resources NL is a no liability public company limited by shares, domiciled and incorporated in Australia.

Principal Activities

During the year the Company carried out exploration activities on its tenements in Western Australia with the objective of identifying gold and other economic mineral deposits.

Activities Review

A review of the activities undertaken during the year will be provided in the Company's 2022 Annual Report.

Financial Review

During the year total exploration expenditure incurred by the Company amounted to $11,220,828 (2021: $13,707,750). In line with the Company's accounting policies, all exploration expenditure is written off as it is incurred. Net income less Administration and other expenses amounted to $15,739,092 (2021: ($1,463,144); loss). The Company's operating profit after income tax for the year is $690,264 (2021: ($15,170,894); operating loss).

At year end the Company held cash and cash equivalents and term deposits of $11,658,327 (2021: $11,051,185).

Operating Results for the Year

Summarised operating results are as follows:

	Revenues **$**	Results **$**
Revenues and profit/(loss) from ordinary activities before income tax expenses	14,652,025	690,264

Shareholder Return

Summarised shareholder return is as follows:

	2022 **cents**	2021 **Cents**
Basic profit/(loss) per share	0.21	(4.92)

Dividends

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

Share Options

As at the date of this report, there are 19,375,000 unissued ordinary shares of Breaker Resources NL in respect of which options are outstanding. This number comprises:

Type of option	Number	Exercise price	Expiry date
Unlisted	1,000,000	$0.375	30 November 2022
Unlisted	125,000	$0.246	28 February 2023
Unlisted	1,000,000	$0.195	28 February 2023
Unlisted	150,000	$0.169	28 February 2023
Unlisted	1,000,000	$0.166	28 February 2023
Unlisted	200,000	$0.288	15 May 2023
Unlisted	550,000	$0.320	28 February 2023
Unlisted	200,000	$0.339	10 July 2023
Unlisted	550,000	$0.291	31 August 2023
Unlisted	3,750,000	$0.281	30 September 2023
Unlisted	200,000	$0.200	31 May 2024
Unlisted	2,000,000	$0.251	6 September 2024
Unlisted	1,000,000	$0.400	4 November 2024
Unlisted	4,250,000	$0.467	31 December 2024
Unlisted	300,000	$0.261	9 May 2025
Unlisted	3,000,000	$0.251	6 June 2025
Unlisted	100,000*	$0.226	30 June 2025

*Unlisted options issued on 11 August 2022.

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.

Share Options Issued

The following options were issued by Breaker Resources NL during the financial year:

Type of option	Number	Exercise price	Expiry date	Comment
Unlisted	2,000,000	$0.251	6 September 2024	Issued under Company's Incentive Option Scheme
Unlisted	1,000,000	$0.400	4 November 2024	Issued under Company's Incentive Option Scheme
Unlisted	4,250,000	$0.467	31 December 2024	Issued under Company's Incentive Option Scheme
Unlisted	300,000	$0.261	9 May 2025	Issued under Company's Incentive Option Scheme
Unlisted	3,000,000	$0.251	6 June 2025	Issued under Company's Incentive Option Scheme

Shares Issued on Exercise of Options

There were Nil shares issued due to the exercise of options during the financial year.

Share Options that Expired/Lapsed

The following options expired or lapsed during the financial year:

Type of option	Number	Exercise price	Expiry date	Reason for lapse
Unlisted	175,000	$0.150	27/03/2023	Lapsed on cessation of employment
Unlisted	4,250,000	$0.465	31/12/2021	Expired

Significant Changes in State of Affairs

During the financial year there were no significant changes in the state of affairs of the Company consolidated entity other than those referred to in the Financial Statements and notes thereto.

Subsequent Events

Subsequent to the end of the period, the Company divested its remaining shareholding in Global Lithium Resources Limited (GL1) with a significant appreciation in value post 30 June 2022, raising approximately $15 million in working capital. As a result of the sale, Breaker has a cash position in excess of $20 million and these funds leave Breaker well positioned to fund its exploration and pre-feasibility activities including the continued drill out of the high-grade lode positions under its Bombora deposit at Lake Roe. Breaker is currently operating three diamond rigs on this task.

The impact of the Coronavirus (**COVID-19**) pandemic is ongoing and while there has been no material impact on the Company's financial position and operation up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the WA and Australian Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any further economic stimulus that may be provided.

There were no other matters or circumstances arising since the end of the reporting period that have significantly affected or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2022.

Likely Developments and Expected Results

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

Environmental Regulations and Performance

Breaker is subject to significant environmental regulation in respect to its exploration activities. The Company aims to ensure that 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.

Proceedings on Behalf of the Company

No persons have applied for leave pursuant to section 237 of the *Corporations Act 2001* (Cth) to bring, or intervene in, proceedings on behalf of Breaker Resources NL.

Non-Audit Services

There were no non-audit services performed during the year by the auditors for the Company (or by another person or firm on the auditor's behalf).

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 19 and forms part of the Directors' Report for the financial year ended 30 June 2022.

Remuneration Report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Breaker Resources NL's key management personnel for the financial year ended 30 June 2022. The information provided in this report has been audited as per the requirements of section 308(3C) of the *Corporations Act 2001* (Cth).

The report is set out under the following main headings:

- 2021 Remuneration Report
- Key management personnel;
- Principles used to determine the components and amount of compensation;
- Details of remuneration;
- Details of share-based compensation; and
- Details of service agreements and employment contracts.

2021 Remuneration Report

At the 2020 Annual General Meeting the Company received a first strike against its Remuneration Report.

The following year, the Company shareholders voted to adopt the 2021 Remuneration Report at the Annual General Meeting held on 18 November 2021. The total votes for the Remuneration Report was 99.70%.

Key Management Personnel

For the purposes of this report, key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly. The key management personnel during the year were:

Peter Cook	Non-Executive Chairman
Tom Sanders	Managing Director
Mark Edwards	Non-Executive Director
Mike Kitney	Non-Executive Director
Linton Putland	Non-Executive Director
Eric Vincent	Non-Executive Director
Alastair Barker	Exploration Manager
Sam Smith	Chief Operating Officer/Investor Relations Manager (appointed 1 June 2022)
Sarah Sutcliffe	Manager Corporate Affairs/Company Secretary
Michelle Simson	Manager Corporate Affairs/Company Secretary (resigned 30 November 2021)

Principles Used to Determine the Components and Amount of Compensation

<u>Remuneration Committee</u>
The role of the Remuneration Committee is to assist the Company in fulfilling its corporate governance responsibilities relating to remuneration by reviewing and making appropriate recommendations on:

- remuneration packages of executive directors, non-executive directors and officers;
- employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed;
- recruitment, retention and termination policies and procedures for senior executives; and
- superannuation arrangements.

<u>Remuneration Policy</u>
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 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 policy for determining the nature and amount of remuneration for senior executives of the Company is summarised below:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. 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 eligible to participate in the employee incentive option scheme.

- Where applicable, executives receive a superannuation guarantee contribution required by the government, which during the reporting period was 10%. 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. 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 in general meeting. The current remuneration pool limit is $300,000 and is currently utilised to a level of $288,000 per annum.

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 incentive option scheme, although any allocation must be approved by shareholders in general meeting. There is no retirement benefit plan for directors.

<u>Performance Based Remuneration</u>
The Company currently has no individual performance based remuneration component built into key management personnel remuneration packages.

<u>Company Performance, Shareholder Wealth and Key Management Personnel Remuneration</u>
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 key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

<u>Use of Remuneration Consultants</u>
The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2022.

Details of Remuneration

The key management personnel of the Company are disclosed above. Remuneration packages contain the following elements:

- Short-term employee benefits – cash salary and fees, cash bonuses, non-monetary benefits and other;
- Post-employment benefits – including superannuation and termination; and
- Share-based payments – shares and options granted.

The remuneration for each director and each of the other key management personnel of the Company during the year was as follows:

Key management personnel	Short-term		Post-employment		Share-based payments	
	Salary & fees $	Leave Entitlements $	Super-annuation $	Retirement benefits $	Options $	**Total $**
Peter Cook						
2022[1]	**65,556**	**-**	**6,556**	**-**	**207,823**	**279,935**
2021	-	-	-	-	-	-
Tom Sanders						
2022	**338,252**	**-**	**-**	**-**	**376,336**	**714,588**
2021	328,879	-	-	-	-	328,879
Mark Edwards						
2022[2]	**62,555**	**-**	**-**	**-**	**-**	**62,555**
2021	48,000	-	-	-	141,322	189,322
Mike Kitney						
2022	**43,788**	**-**	**4,379**	**-**	**-**	**48,167**
2021	41,868	-	6,132	-	141,322	189,322
Linton Putland						
2022	**43,788**	**-**	**4,379**	**-**	**156,807**	**204,974**
2021	43,836	-	4,164	-	-	48,000
Eric Vincent						
2022	**48,167**	**-**	**-**	**-**	**-**	**48,167**
2021	48,000	-	-	-	136,020	184,020
Alastair Barker						
2022	**272,784**	**-**	**-**	**-**	**-**	**272,784**
2021	265,225	-	-	-	-	265,225
Michelle Simson						
2022[3]	**14,220**	**49,787**	**1,432**	**-**	**-**	**65,439**
2021	212,817	-	19,644	-	-	232,461
Sarah Sutcliffe						
2022	**187,231**	**3,538**	**19,077**	**-**	**211,702**	**421,548**
2021[4]	-	-	-	-	-	-
Sam Smith						
2022	**13,538**	**2,462**	**1,600**	**-**	**336,551**	**354,151**
2021[5]	-	-	-	-	-	-
TOTAL						
2022	**1,089,879**	**55,787**	**37,423**	**-**	**1,289,219**	**2,472,308**
2021	988,625	-	29,940	-	418,664	1,437,229

Notes

[1] *Peter Cook was appointed as Non-Executive Chairman on 6 September 2021.*
[2] *In addition to directors' fees of $48,167 during 2021/22, EMK Lawyers, an entity associated withMark Edwards, was paid fees of $14,388, at arm's length market rates for the provision of legal services for corporate mining and native title matters.*
[3] *Michelle Simson resigned as Manager Corporate Affairs/Company Secretary on 30 November 2021.*
[4] *Sarah Sutcliffe was appointed as Manager Corporate Affairs/Company Secretary on 9 July 2021.*
[5] *Sam Smith was appointed as Chief Operating Officer/Investor Relations Manager on 1 June 2022.*

No director or executive appointed during the year received a payment as part of his or her consideration for agreeing to hold the position.

Details of Share-Based Compensation

Shares
Nil shares in the Company were issued to key management personnel as part of their remuneration during the year (2021: Nil).

Options
10,250,000 options in the Company were issued to key management personnel as part of their remuneration during the year (2021: 3,750,000). There were Nil options exercised or sold by key management personnel during the year (2021: Nil). 4,250,000 options held by key management personnel expired on 31 December 2021.

During the year, the following share-based payment arrangements for key management personnel were in existence:

Option series	Grant date	Expiry date	Fair value per option at grant **cents**	Vesting date
BRBOPT10	15 March 2020	28 February 2023	4.05	16 March 2020
BRBOPT12	19 March 2020	28 February 2023	3.83	19 March 2020
BRBOPT18	17 September 2020	30 September 2023	11.31	30 September 2020
BRBOPT18	17 September 2020	30 September 2023	10.88	8 October 2020
BRBOPT20	6 September 2021	6 September 2024	10.39	6 September 2021
BRBOPT21	4 November 2021	4 November 2024	21.17	5 November 2021
BRBOPT22	18 November 2021	31 December 2024	12.54	16 December 2021
BRBOPT24	9 June 2022	6 June 2025	11.22	10 June 2022

Shareholdings of Key Management Personnel
The numbers of ordinary shares in the Company during the financial year in which each director of Breaker Resources NL and other key management personnel of the Company holds a relevant interest, including their closely related parties, are detailed below:

Key management personnel	Balance at start of year Number	Granted as compen-sation Number	Received on exercise of options Number	Other changes Number	Balance at year end Number
Fully Paid Ordinary Shares					
Peter Cook					
2022	**-**	**-**	**-**	**1,821,032**	**1,821,032**
2021[1]	-	-	-	-	-
Tom Sanders					
2022	**24,003,420**	**-**	**-**	**1,259,010**	**25,262,430**
2021	23,414,531	-	-	588,889	24,003,420
Mark Edwards					
2022	**1,929,301**	**-**	**-**	**108,000**	**2,037,301**
2021	1,843,190	-	-	86,111	1,929,301
Mike Kitney					
2022	**1,435,003**	**-**	**-**	**(700,000)**	**735,003**
2021	1,526,669	-	-	(91,666)	1,435,003
Linton Putland					
2022	**-**	**-**	**-**	**-**	**-**
2021	-	-	-	-	-
Eric Vincent					
2022	**58,300**	**-**	**-**	**-**	**58,300**
2021	-	-	-	58,300	58,300
Alastair Barker					
2022	**373,162**	**-**	**-**	**-**	**373,162**
2021	373,162	-	-	-	373,162
Michelle Simson					
2022	**24,634**	**-**	**-**	**-**	**24,634**
2021[2]	16,300	-	8,334	-	24,634
Sarah Sutcliffe					
2022	**-**	**-**	**-**	**-**	**-**
2021[3]	-	-	-	-	-
Sam Smith					
2022[4]	**-**	**-**	**-**	**-**	**-**
2021	-	-	-	-	-

Notes

[1] *Peter Cook was appointed as Non-Executive Chairman on 6 September 2021.*
[2] *Michelle Simson resigned as Manager Corporate Affairs/Company Secretary on 30 November 2021.*
[3] *Sarah Sutcliffe was appointed as Manager Corporate Affairs/Company Secretary on 9 July 2021.*
[4] *Sam Smith was appointed as Chief Operating Officer/Investor Relations Manager on 1 June 2022.*

Option Holdings of Key Management Personnel

The numbers of options over ordinary shares in the Company during the financial year in which each director of Breaker Resources NL and other key management personnel of the Company holds a relevant interest, including their closely related parties, are detailed below:

Key management personnel	Balance at start of year Number	Granted as compen-sation Number	Exercised Number	Other changes Number	Balance at year end Number	Vested and exercisable Number
Peter Cook						
⌘ **2022**	**-**	**2,000,000**	**-**	**-**	**2,000,000**	**2,000,000**
⌘ 2021[1]	-	-	-	-	-	-
Tom Sanders						
⌘ **2022**	**3,000,000**	**3,000,000**[2]	**-**	**(3,000,000)**	**3,000,000**	**3,000,000**
⌘ 2021	3,000,000	-	-	-	3,000,000	3,000,000
Mark Edwards						
⌘ **2022**	**1,250,000**	**-**	**-**	**-**	**1,250,000**	**1,250,000**
⌘ 2021	-	1,250,000	-	-	-	1,250,000
Mike Kitney						
⌘ **2022**	**1,250,000**	**-**	**-**	**-**	**1,250,000**	**1,250,000**
⌘ 2021	-	1,250,000	-	-	1,250,000	1,250,000
Linton Putland						
⌘ **2022**	**1,250,000**	**1,250,000**[2]	**-**	**(1,250,000)**	**1,250,000**	**1,250,000**
⌘ 2021	1,250,000	-	-	-	1,250,000	1,250,000
Eric Vincent						
⌘ **2022**	**1,250,000**	**-**	**-**	**-**	**1,250,000**	**1,250,000**
⌘ 2021	-	1,250,000	-	-	1,250,000	1,250 000
Alastair Barker						
⌘ **2022**	**1,000,000**	**-**	**-**	**-**	**1,000,000**	**1,000,000**
⌘ 2021	1,000,000	-	-	**-**	1,000,000	1,000,000
Michelle Simson						
⌘ **2022**	**1,000,000**	**-**	**-**	**-**	**1,000,000**	**1,000,000**
⌘ 2021	1,000,000	-	-	**-**	1,000,000	1,000,000
Sarah Sutcliffe						
⌘ **2022**	**-**	**1,000,000**	**-**	**-**	**1,000,000**	**1,000,000**
⌘ 2021[3]	-	-	-	**-**	**-**	**-**
Sam Smith						
⌘ **2022**	**-**	**3,000,000**	**-**	**-**	**3,000,000**	**3,000,000**
⌘ 2021[4]	-	**-**	-	**-**	-	-

Notes

[1] *Peter Cook was appointed as Non-Executive Chairman on 6 September 2021.*

[2] *The issue of the options to directors was approved by shareholders under ASX Listing Rule 10.14 at the 2021 Annual General Meeting of the Company.*

[3] *Sarah Sutcliffe was appointed as Manager Corporate Affairs/Company Secretary on 9 July 2021.*

[4] *Sam Smith was appointed as Chief Operating Officer/Investor Relations Manager on 1 June 2022.*

Details of Service Agreements and Employment Contracts

Service agreements are in place between the Company and Managing Director Tom Sanders and Exploration Manager Alastair Barker. Manager Corporate Affairs/Company Secretary Sarah Sutcliffe and Chief Operating Officer/Investor Relations Manager is employed via contract. Details of these arrangements as at 30 June 2022 are provided below:

- Service Agreement: Tom Sanders – Managing Director
  - Term of agreement – Initial term of two (2) years and further terms of two (2) years, subject to termination provisions; commenced 18 April 2012 (subject to ASX listing).
  - An annual consultancy fee of $347,625 (inclusive of superannuation, plus GST) is paid to Goldfields Geological Associates, an entity controlled by Mr Sanders, for the provision of services by 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 2001* (Cth) 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 (3) months.
  - Goldfields Geological Associates will be reimbursed for expenses incurred on the Company's behalf.

- Service Agreement: Alastair Barker – Exploration Manager
  - Term of agreement – Initial term of two (2) years and further terms of one (1) year subject to termination provisions; commenced 18 April 2012 (subject to ASX listing).
  - An annual consultancy fee of $280,343 (inclusive of superannuation, plus GST) is paid to Horizon Resources Pty Ltd, an entity controlled by Mr Barker, for the provision of services by 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 2001* (Cth) and ASX Listing Rules, Mr Barker is entitled to a minimum notice period of 12 months (or six (6) months after the initial term). The Company is entitled to a minimum notice period of three (3) months.

- Employment Contract: Sarah Sutcliffe – Manager Corporate Affairs/Company Secretary
  - Full time equivalent base salary of $200,000 per annum (exclusive of superannuation).
  - Payment of termination benefit on termination by the employer, other than for gross misconduct, equals three (3) months' salary.
  - Notice period of three (3) months.

- Employment Contract: Sam Smith – Chief Operating Officer/Investor Relations Manager
  - Full time equivalent base salary of $320,000 per annum (exclusive of superannuation).
  - Payment of termination benefit on termination by the employer, other than for gross misconduct, equals three (3) months' salary.
  - Notice period of three (3) months.

Signed in accordance with a resolution of directors made pursuant to section 298(2) of the *Corporations Act 2001* (Cth).

On behalf of the directors

TOM SANDERS
<u>Managing Director</u>

Perth, 30 September 2022

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

As lead auditor of the audit of Breaker Resources NL for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Breaker Resources NL and the entities it controlled during the year.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

30 September 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Year ended 30 June 2022

	Notes	2022 $	2021 $
Income			
Income from tenement interest farm-out	4	**13,000,000**	-
Gain on share consideration from tenement interest farm-out	4	**1,624,223**	-
Government grant and incentive	4	**-**	67,500
Interest income	4	**8,261**	85,480
Other income	4	**19,541**	41,017
Total income		**14,652,025**	193,997
Expenses			
Administration expenses		**(745,788)**	(610,215)
Depreciation expenses	4	**(119,292)**	(167,136)
Employee benefits expenses	4	**(502,928)**	(356,018)
Exploration and evaluation expenses	4	**(11,220,828)**	(13,707,750)
Share-based payment expenses		**(1,324,550)**	(523,772)
Other expenses		**(48,375)**	-
Total expenses		**(13,961,761)**	(15,364,891)
Profit/(Loss) before income tax		**690,264**	(15,170,894)
Income tax expense	6	**-**	-
Profit/(Loss) for the year		**690,264**	(15,170,894)
Other comprehensive income			
Fair value gain on financial assets at fair value through other comprehensive income	9	**6,756,923**	-
Total comprehensive income/(loss) for the year		**7,447,187**	(15,170,894)
Total comprehensive income/(loss) attributable to owners of the Company		**7,447,187**	(15,170,894)
Basic profit/(loss) per share attributable to the ordinary equity holders of the Company (cents per share)	15	**0.21**	(4.92)
Diluted profit/(loss) per share attributable to the ordinary equity holders of the Company (cents per share)	15	**0.21**	(4.92)

The above *Consolidated Statement of Profit or Loss and Other Comprehensive Income* should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
as at 30 June 2022

	Notes	2022 $	2021 $
Current Assets			
Cash and cash equivalents	7	**11,658,327**	4,538,814
Term deposits	7	**-**	6,512,371
Trade and other receivables	8	**318,544**	338,035
Financial assets at fair value through other comprehensive income	9	**8,431,146**	-
Other financial assets	10	**46,890**	72,740
Total Current Assets		**20,454,907**	11,461,960
Non-Current Assets			
Plant and equipment	11	**127,276**	219,257
Total Non-Current Assets		**127,276**	219,257
Total Assets		**20,582,183**	11,681,217
Current Liabilities			
Trade and other payables	12	**992,439**	863,210
Total Current Liabilities		**992,439**	863,210
Total Liabilities		**992,439**	863,210
Net Assets		**19,589,744**	10,818,007
Equity			
Contributed equity	13	**83,880,379**	83,880,379
Reserves		**5,133,397**	1,617,835
Accumulated loss		**(69,424,032)**	(74,680,207)
Total Equity		**19,589,744**	10,818,007

The above *Consolidated Statement of Financial Position* should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
for the Financial Year ended 30 June 2022

	Notes	Contributed Equity $	Share-based Payments Reserve $	Financial Asset Reserve $	Accumulated Profit/(Loss) $	Total $
Balance at 30 June 2020		61,985,316	1,094,063	-	(59,509,313)	3,570,066
Loss for the year		-	-	-	(15,170,894)	(15,170,894)
Total comprehensive loss for the year		-	-	-	(15,170,894)	(15,170,894)
Options issued during the year		-	523,772	-	-	523,772
Transactions with owners in their capacity as owners:						
Contributions of equity net of transaction costs	13	21,895,063	-	-	-	21,895,063
Balance at 30 June 2021		83,880,379	1,617,835	-	(74,680,207)	10,818,007
Profit for the year		**-**	**-**	**-**	**690,264**	**690,264**
Other comprehensive income		**-**	**-**	**6,756,923**	**-**	**6,756,923**
Total comprehensive income for the year		**-**	**-**	**6,756,923**	**690,264**	**7,447,187**
Transfer of financial asset reserve upon disposal of financial assets at fair value through other comprehensive income		**-**	**-**	**(3,828,000)**	**3,828,000**	**-**
Options issued during the year		**-**	**1,324,550**	**-**	**-**	**1,324,550**
Options lapsed or expired during the year		**-**	**(737,911)**	**-**	**737,911**	**-**
Balance at 30 June 2022		**83,880,379**	**2,204,474**	**2,928,923**	**(69,424,032)**	**19,589,744**

The above *Consolidated Statement of Changes in Equity* should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
for the Financial Year ended 30 June 2022

	Notes	2022 $	2021 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,219,512)**	(1,129,790)
Payments for exploration and evaluation expenditure		**(11,090,010)**	(13,415,975)
Receipts from government grant and incentive		**-**	67,500
Proceeds from sale of tenement farm out rights		**6,500,000**	-
Other income received		**966**	41,017
Interest received		**8,261**	55,112
Net cash inflow/(outflow) from operating activities	17	**(5,800,295)**	(14,382,136)
Cash flows from investing activities			
Payments for plant and equipment		**(27,311)**	(104,421)
Proceeds from/(Investments in) other financial assets		**25,850**	(505)
Investments in term deposits		**-**	(6,512,371)
Withdrawal of term deposits		**6,512,371**	-
Net proceeds on disposal of financial assets at fair value through other comprehensive income		**6,401,625**	-
Proceeds on disposal of plant and equipment		**7,273**	-
Net cash inflow/(outflow) from investing activities		**12,919,808**	(6,617,297)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**-**	22,684,982
Share issue transaction costs		**-**	(789,919)
Net cash inflow/(outflow) from financing activities		**-**	21,895,063
Net increase in cash and cash equivalents		**7,119,513**	895,630
Cash and cash equivalents at the beginning of the year		**4,538,814**	3,643,184
Cash and cash equivalents at the end of the year	7	**11,658,327**	4,538,814

The above *Consolidated Statement of Cash Flows* should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements for the Year ended 30 June 2022

1. General information

Breaker Resources NL is a public company listed on the Australian Securities Exchange, incorporated in Australia and operating in Australia. The Company's registered office and its principal place of business is 12 Walker Avenue, West Perth WA 6005. Breaker Resources NL's principal activity is mineral exploration and it is a for-profit entity for the purposes of preparing the Financial Statements.

These financial statements are for Breaker Resources NL and its controlled entities ("the Group") and are presented in the Australian currency. The Consolidated Financial Statements were authorised for issue by the directors on 30 September 2022. The directors have the power to amend and reissue the Financial Statements.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the Financial Statements are set out below.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**) and Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (**AASB**). Compliance with Australian Accounting Standards ensure the financial statements and notes to the Group comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**). Consequently, this financial report has been prepared in accordance with IFRS as issued by the IASB.

These Consolidated Financial Statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

Going concern

The Consolidated Financial Statements have been prepared on the basis of a going concern which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors have considered the impact of the COVID-19 pandemic on the position of the Group at 30 June 2022 and its operations in future periods.

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

(b) Application of new and revised Australian Accounting Standards

(i) Adoption of new accounting policies

The following accounting policies have been adopted during the year:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June 2022. Control is established when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee;
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Farm-Out Arrangements

On entering into a farm-out agreement the Group credits any cash and non-cash consideration received against the carrying amount, with any excess included as a gain in profit or loss.

The Group does not record exploration expenditures on the tenement made by the farmee.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade and other receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets into:
- Debt instruments at amortised cost;
- Equity instruments designated as at fair value through other comprehensive income ("FVTOCI").

Debt instruments that meet the following conditions are measured subsequently at amortised cost:
- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

The Group has an investment in a listed entity over which they do not have significant influence nor control. The Group has made an irrevocable election to classify this equity investments designated as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the financial asset reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

The Group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition. A financial asset is held for trading if either:
- It has been acquired principally for the purpose of selling it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking;
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) New and revised Accounting Standards in issue not yet adopted

At the date of authorisation of the Financial Statements, the Standards applicable to the Group's business listed below were in issue but not yet effective. The potential effect of the revised Standards on the Group's financial statements has not yet been determined.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128, AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections and AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections, effective for annual reporting periods beginning on or after 1 January 2025;

AASB 2020-1Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current, effective for annual reporting periods beginning on or after 1 January 2023;

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments, effective for annual reporting periods beginning on or after 1 January 2022.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates, effective for annual reporting periods beginning on or after 1 January 2023;

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective for annual reporting periods beginning on or after 1 January 2023.

AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information, effective for annual reporting periods beginning on or after 1 January 2023.

(c) 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 Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(d) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(e) Revenue

Revenue is recognised when it is received or when the right to receive payment is established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(f) Income tax

The income tax expense 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 operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It creates 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 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 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 substantively 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 these temporary differences and losses. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.

(g) Impairment of plant and equipment

At each reporting date, the Group reviews the carrying amounts of its plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Cash and cash equivalents

For the purpose of presentation in the *Statement of Cash Flows*, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are not subject to significant risk of changes in value.

(i) 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.

j) Impairment of financial assets

The Group assesses at each reporting date whether there is an expected credit loss in relation to the impairment of financial assets. The Company accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

(k) 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 Profit or Loss* during the reporting period in which they are incurred.

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 (refer to Note 2(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the *Statement of Profit or Loss and Other Comprehensive Income*.

(l) Exploration and evaluation costs

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

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group 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. They are presented as current liabilities unless payment is not due within 12 months after the reporting period.

(n) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The short-term employee benefit obligations are presented as non-discounted payables.

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(o) Share-based payments

The Group provides benefits to employees (including directors and contractors) and suppliers in the form of share-based payment transactions, whereby employees and suppliers render goods or services in exchange for shares or rights over shares (**equity-settled transactions**) (refer to Note 18).

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 of options 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 any performance conditions are fulfilled, ending on the date on which the relevant employees or suppliers become fully entitled to the award (**vesting date**).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting period has expired; and
- 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.

(p) 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.

(q) 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.

(r) Critical judgements, estimates and assumptions

The preparation of these Financial Statements requires the use of certain critical accounting estimates, which, by definition, will seldom equal the actual results. 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 the directors' best estimate, pending an assessment by the Australian Taxation Office.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on known information. This consideration extends to the nature of business, supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the Financial Statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group'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 Board via the audit and risk committees as the Company believes that it is crucial for directors to be involved in this process. The Managing Director, 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

Price risk

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

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the consolidated statement of financial position as financial assets at fair value through other comprehensive income.

Interest rate risk

The Group is subject to movements in market interest rates on cash and cash equivalents and bank deposits. The Group's policy is to monitor the interest rate yield curve out to six (6) months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and bank deposits for the Group of $11,658,327 (2021: $11,051,185) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was 0.20% (2021: 0.43%).

Sensitivity analysis

At 30 June 2022, 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 Group would have been $80,986 lower/higher (2021: $73,472) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount of trade and other receivables as disclosed in the Consolidated *Statement of Financial Position* and *Notes to the Financial Statements*.

As the Group 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) Operational risks

The Group operates in Western Australia which continues to experience skills and equipment shortages which has the potential to impact the Group's on-going operations.

(d) Liquidity risk

The Group 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 Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings.

The Board constantly monitors the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are generally confined to trade and other payables as disclosed in the *Consolidated Statement of Financial Position*. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

4. Income and expenses

(a) Income from continuing operations includes the following revenue items:

	2022 $	2021 $
Income from tenement interest farm-out (1)	**13,000,000**	-
Gain on share consideration from tenement interest farm-out (2)	**1,624,223**	-
Government grant and incentive	**-**	67,500
Interest income	**8,261**	85,480
Other	**19,541**	41,017
	14,652,025	193,997

(1): During the year the Group entered into a farm-out transaction with Global Lithium Resources Limited to divest up to 80% interest in lithium rights at its Manna Lithium discovery within the Lake Roe Gold Project. The Group received $13,000,000 consideration comprising $6,500,000 cash and shares in Global Lithium Resources Limited with a deemed value of $6,500,000.

(2): Gain on share consideration from tenement interest farm-out relates to the movement in fair value of the consideration receivable between the date of the agreement and change in control of the tenement.

(b) Loss for the year includes the following specific expenses:

	2022 $	2021 $
Depreciation expenses	**119,292**	167,136
Exploration and evaluation expenses	**11,220,828**	13,707,750

(c) Employee benefit expenses:

	2022 $	2021 $
Wages and superannuation	**202,845**	127,077
Directors' fees	**268,997**	192,000
Leave provisions	**4,140**	15,838
Other	**26,946**	21,103
	502,928	356,018

5. Operating segments

For management purposes, the Group has identified only one (1) 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 Group'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 Group's accounting policies.

	2022 $	2021 $
Segment revenue	**13,000,000**	-
Reconciliation of segment revenue to total revenue before tax:		
Gain on share consideration from tenement interest farm-out	**1,624,223**	-
Government grant and incentive	**-**	67,500
Interest income	**8,261**	85,480
Other income	**19,541**	41,017
Total revenue	**14,652,025**	193,997
Segment result	**1,779,172**	(13,707,750)
Reconciliation of segment result to loss before tax:		
Gain on share consideration from tenement interest farm-out	**1,624,223**	
Depreciation expenses	**(119,292)**	(167,136)
Other corporate and administration income/(expenses), net	**(2,593,839)**	(1,296,008)
Net profit/(loss) before tax	**690,264**	(15,170,894)
Segment operating assets	**96,230**	174,344
Reconciliation of segment operating assets to total assets:		
Other corporate and administration assets	**20,485,953**	11,506,873
Total assets	**20,582,183**	11,681,217
Segment additions to non-current assets	**20,640**	71,863
Other corporate additions to non-current assets	**6,671**	32,558
Total additions to non-current assets	**27,311**	104,421
Segment operating liabilities	**512,792**	673,748
Reconciliation of segment operating liabilities to total liabilities:		
Other corporate and administration liabilities	**479,647**	189,462
Total liabilities	**992,439**	863,210

6. Income tax

	2022 $	2021 $
Income tax expense for Consolidated Statement of Profit and Loss		
Current tax	**-**	-
Deferred tax	**-**	-
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(Loss) from continuing operations before income tax expense	**690,264**	(15,170,894)
Prima facie tax benefit at the Australian tax rate of 30% (2021: 26%)	**207,079**	(3,944,432)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
⌘ Non-assessable income	**-**	(13,000)
⌘ Capital raising costs	**(126,635)**	(146,164)
⌘ Non-deductible expenses	**3,671**	2,546
⌘ Share-based payments	**397,365**	136,181
	481,480	(3,964,869)
Movements in unrecognised temporary differences	**893,904**	21,060
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**-**	3,943,809
Utilisation of tax losses	**(1,375,384)**	-
Income tax expense for Consolidated Statement of Profit and Loss	**-**	-
Income tax expense for Other Comprehensive Income		
Current Tax	**-**	-
Deferred tax	**-**	-
Numerical reconciliation of income tax expense to prima facie tax payable		
Other comprehensive income before income tax expense	**6,756,923**	-
Prima facie tax benefit at the Australian tax rate of 30% (2021: 26%)	**2,027,077**	-
Movements in unrecognised temporary differences	**(2,027,077)**	-
Income tax expense for Other Comprehensive Income	**-**	-
Unrecognised temporary differences		
Deferred tax liabilities on income tax account	**24,810**	19,955
Prepayments	**3,390**	7,896
Plant and equipment	**38,183**	57,007
Investments	**1,074,542**	-
DTL used to offset DTA	**(1,140,926)**	(84,858)
Deferred tax liabilities	**-**	-

	2022 $	2021 $
Deferred tax assets on income tax account		
Accruals	**4,341**	11,180
Provisions	**13,553**	19,065
Capital raising costs	**193,111**	279,857
Exploration Expenditure	**13,874**	12,932
Super payable	**5,577**	-
Carry forward tax losses	**17,038,764**	15,959,371
DTL used to offset DTA	**(1,140,926)**	(84,858)
Deferred tax asset not recognised	**16,197,547**	**16,197,547**
Net Deferred tax assets	**-**	-

Breaker Resources NL is not considered a base rate entity for income tax purposes for the 2022 income year and is therefore subject to income tax at a rate of 30% (2021: 26%). As a result, the deferred tax assets of the Company have been adjusted in the 2022 year to reflect the increase in corporate tax rate applicable to the Company.

Breaker Resources and it wholly owned subsidiaries intend to form a tax consolidated group with effect from 21/12/2021. The Australian Taxation Office will be notified on this decision on lodgement of the 2022 tax consolidated income tax return. The head entity of the tax consolidated group is Breaker Resources NL. The tax note has been prepared on the basis that Breaker Resources NL will proceed with the election to form a tax consolidated group.

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.

The deductible temporary differences and tax losses do not expire under current tax legislation. The utilisation of tax losses is dependent on the Company satisfying the continuity of ownership test or the same or similar business test at the time the tax losses are applied against taxable income.

7. Cash and Term Deposits

	2022 $	2021 $
Cash at bank and in hand	**11,658,327**	4,538,814
Term deposits classified separate to cash on face of Consolidated *Statement of Financial Position*	**-**	6,512,371

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated reporting position as shown above.

As at 30 June 2022, the Company had no term deposits with maturities more than three (3) months (2021: 6,512,371).

8. Trade and other receivables

	2022 $	2021 $
Prepayments	**82,702**	76,751
GST receivable and PAYG withheld	**224,540**	230,915
Other receivable	**11,302**	30,369
	318,544	338,035

The carrying amounts of trade and other receivables are assumed to be the same as their fair values, due to their short-term nature.

9. Financial assets at fair value through other comprehensive income

	2022 $	2021 $
Beginning balance	**-**	-
Additions	**8,124,223**	-
Fair value adjustment through other comprehensive income	**6,756,923**	-
Disposal during the year	**(6,540,000)**	-
Closing balance	**8,431,146**	-

The fair value of listed financial assets at fair value through other comprehensive income has been determined directly by reference to published price quotations in an active market.

10. Other financial assets

	2022 $	2021 $
Term deposits as a security	**46,127**	71,977
Other financial assets	**763**	763
	46,890	72,740

Due to their short-term nature, the carrying amount of other financial assets is assumed to approximate their fair value.

11. Plant and equipment

	2022				2021			
	Furniture & office equipment $	**Exploration equipment $**	**Motor vehicles $**	**Total $**	Furniture & office equipment $	Exploration equipment $	Motor vehicles $	Total $
Cost	**181,383**	**282,149**	**760,369**	**1,223,901**	174,712	282,149	799,757	1,256,618
Accumulated depreciation	**(150,336)**	**(215,296)**	**(730,993)**	**(1,096,625)**	(129,798)	(183,011)	(724,552)	(1,037,361)
Net book amount	**31,047**	**66,853**	**29,376**	**127,276**	44,914	99,138	75,205	219,257
Opening net book amount	**44,914**	**99,138**	**75,205**	**219,257**	36,324	53,285	192,362	281,971
Additions	**6,671**	**-**	**20,640**	**27,311**	32,558	71,864	-	104,422
Depreciation charge	**(20,538)**	**(32,285)**	**(66,469)**	**(119,292)**	(23,968)	(26,011)	(117,157)	(167,136)
Closing net book amount	**31,047**	**66,853**	**29,376**	**127,276**	44,914	99,138	75,205	219,257

12. Trade and other payables

	2022 $	2021 $
Trade creditors	**571,464**	716,152
Other payables and accruals	**420,975**	147,058
	992,439	863,210

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

13. Contributed equity

(a) Share capital

	Notes	2022 Number	2022 $	2021 Number	2021 $
Ordinary shares fully paid	(b),(d)	**325,840,929**	**83,880,379**	325,840,929	83,880,379
Total issued capital		**325,840,929**	**83,880,379**	325,840,929	83,880,379

(b) Movements in ordinary share capital

	2022 Number	2022 $	2021 Number	2021 $
Beginning of the year	**325,840,929**	**83,880,379**	231,320,076	61,985,316
Issued during the year:				
⌘ Placements to sophisticated and professional investors	-	-	83,333,333	20,000,000
⌘ Share purchase plan to existing shareholders	-	-	11,187,520	2,684,982
⌘ Transaction costs	-	-	-	(789,919)
End of the year	**325,840,929**	**83,880,379**	325,840,929	83,880,379

(c) Movements in options on issue

	2022 Number	2021 Number
Beginning of the year	**12,975,000**	8,450,000
⌘ Issued	**10,550,000**	4,700,000
⌘ Expired or lapsed	**(4,250,000)**	(175,000)
End of the year	**19,275,000**	12,975,000

All options on issue are exercisable on a 1:1 basis for the Company's ordinary shares and carry no rights to dividends and no voting rights. The options are exercisable at prices between $0.166 and $0.467 and expire between 30 November 2022 and 6 June 2025.

(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 (1) vote, and upon a poll each share is entitled to one (1) vote, in proportion to the number of and amounts paid as a proportion of the issue price on the shares held (excluding any amounts paid up in advance of a call). Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Capital risk management

The Group's objective when managing capital is to safeguard its ability to carry on 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 Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of capital risk management is the current working capital position against the requirements of the Group to meet exploration programs and corporate overheads. The Group'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 Group at 30 June 2022 and 30 June 2021 is as follows:

	2022 $	2021 $
Cash and cash equivalents	**11,658,327**	4,538,814
Term deposits	**-**	6,512,371
Trade and other receivables	**318,544**	338,035
Financial assets	**8,478,036**	72,740
Trade and other payables	**(992,439)**	(863,210)
Working capital position	**19,462,468**	10,598,750

14. Dividends

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

15. Profit/(Loss) per share

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

	2022 $	2021 $
Profit/(Loss) attributable to the owners of the Company used in calculating basic and diluted profit/(loss) per share	**690,264**	(15,170,894)

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

	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic profit/(loss) per share	**325,840,929**	308,086,040
Effect of dilutive potential ordinary shares – share options	**707,805**	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**326,548,734**	308,086,040

16. Commitments

(a) Exploration Commitments

The Company must maintain current rights of tenure to tenements, which requires outlays of expenditure in 2022/23. Under certain circumstances these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations however they are expected to be fulfilled in the normal course of operations.

Estimated minimum required expenditure on mining, exploration and prospecting leases for 2022/23 as at the date of this report:

	2022 $	2021 $
	1,082,400	1,008,400

(b) Capital Commitments

There are no capital expenditure commitments for the Group as at 30 June 2022.

(c) Lease Commitments: Company as Lessee

The Group leases its office under a non-cancellable operating lease expiring within one (1) year. During the financial year, the short-term lease expense was recognised as an operating expense and charged to profit or loss accounts under the new AASB 16.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2022 $	2021 $
Within one (1) year	**45,551**	45,551
	45,551	45,551

17. Reconciliation of net profit/(loss) to net cash outflow from operating activities

	2022 $	2021 $
Reconciliation of net profit/(loss) after income tax to net cash flow from operating activities		
Net profit/(loss) for the year	**690,264**	(15,170,894)
Transaction costs on disposal classified as investing activities	**48,375**	-
Gain on disposal of plant and equipment classified as investing activities	**(7,273)**	-
Non-cash items		
Non-cash consideration from tenement interest farm-out	**(6,500,000)**	-
Gain on share consideration from tenement interest farm-out	**(1,624,223)**	-
Depreciation of non-current assets	**119,292**	167,136
Share-based payments	**1,324,550**	523,772
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**19,491**	(45,502)
Increase/(decrease)in trade and other payables	**129,229**	143,352
Net cash inflow/(outflow) from operating activities	**(5,800,295)**	(14,382,136)

(a) Non-cash transactions

During the year, the Company granted 10,550,000 options to its employees as incentives. The value of the options was included in the Share-based Payments (refer to Note 18).

As disclosed in Note 4, the Group received equity with a deemed value of $6,500,000 as part of the consideration for its farm-out tenement interest,

18. Share-based payments

(a) Employee share options

The Company provides benefits to employees (including directors and eligible contractors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for options to acquire ordinary shares. Options are granted under the plan for no consideration.

The table below summarises the share-based payment options granted by Breaker Resources NL:

	2022		2021	
	Number	Weighted average exercise price cents	Number	Weighted average exercise price cents
Outstanding at the beginning of the year	**12,975,000**	**28.1**	8,450,000	35.8
Granted	**10,550,000**	**35.2**	4,700,000	33.1
Forfeited/cancelled/expired	**4,250,000**	**46.5**	175,000	15.0
Outstanding at year end	**19,275,000**	**31.5**	12,975,000	28.1
Exercisable at year end	**19,275,000**	**31.5**	12,975,000	28.1

Nil unlisted employee options lapsed during the year (2021: Nil) and 4,250,000 options expired (2021: Nil). The weighted average remaining contractual life of share options outstanding at the end of the financial year was 1.82 years (2021: 1.46 years) and the exercise prices ranged from 16.9 cents to 46.7 cents (2021: 15.0 cents to 46.5 cents).

The weighted average fair value of the employee share options granted during the year was 12.56 cents (2021: 11.15 cents). The fair value of the options was estimated using a Black-Scholes pricing model. Expected volatility was based on the historical movement of the underlying share price around its average share price. The assumption that the historical volatility is indicative of future trends may also not necessarily be the actual outcome.

Inputs into the pricing model:

	Issue date share price	Exercise price	Expected volatility	Option life	Risk-free interest rate
BRBOPT16	$0.265	$0.339	85.00%	3.00 years	0.27%
BRBOPT17	$0.240	$0.291	85.15%	2.99 years	0.27%
BRBOPT18	$0.230	$0.281	84.80%	3.00 years	0.17%
BRBOPT18	$0.225	$0.281	84.66%	2.98 years	0.15%
BRBOPT19	$0.155	$0.200	82.07%	2.92 years	0.20%
BRBOPT20	$0.215	$0.251	81.43%	3.00 years	0.19%
BRBOPT21	$0.400	$0.400	82.12%	2.99 years	0.90%
BRBOPT22	$0.295	$0.467	82.38%	3.04 years	1.00%
BRBOPT23	$0.230	$0.261	81.65%	3.00 years	3.04%
BRBOPT24	$0.220	$0.251	81.52%	2.99 years	3.15%

(b) Other party options

In addition to options issued to employees, the Company may also issue unlisted options to other parties.

There were no other party options granted during the year.

(c) Share-based payments expenses

During the year, an amount of $1,324,550 was recognised as a share-based payment expense.

19. Fair value measurements of financial instruments

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measure and disclosure purposes.

Fair value hierarchy

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determined that value. The table following analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Recurring fair value measurements

	Level 1 $	Level 2 $	Level 3 $	Total $
30 June 2022				
Financial assets at fair value through other comprehensive income	**8,431,146**	**-**	**-**	**8,431,146**
30 June 2021				
Financial assets at fair value through other comprehensive income	-	-	-	-

Due to their short-term nature, the carrying amount of the current receivables and current payables is assumed to approximate their fair value.

20. Controlled Entities

	% Held					Investment Cost	
Controlled Entities	**30 June 2022**	**30 June 2021**	**Class**	**Incorporation**	**Incorporation**	**30 June 2022**	**30 June 2021**
Breaker Resources Lithium Pty Ltd	100%	-	Ord	WA	21/12/2021	$10	-
Lake Roe Gold Mining Pty Ltd	100%	-	Ord	WA	25/05/2022	$10	-

21. Key management personnel transactions

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	2022 $	2021 $
Short term benefits	**1,145,666**	988,675
Post-employment benefits	**37,423**	29,940
Share-based payments	**1,289,219**	418,664
	2,472,308	1,437,279

There were no loans to/from key management personnel during the year. Detailed remuneration disclosures are provided in the Remuneration Report commencing on page 12.

22. Related party transactions

In addition to the services provided by Mr Sanders, the value of which is shown as Mr Sanders' remuneration in the Remuneration Report commencing on page 12, Goldfields Geological Associates is also reimbursed for other Group expenses including software maintenance and other out-of-pocket costs incurred on the Company's behalf. The value of these expenses incurred during the year was $777.04 (2021: $18,208).

In addition to the director's fee paid to Mr Edwards, the Group paid $14,388 professional service fee to EMK Lawyers, an entity of which Mr Edwards is a director and shareholder (2021: $nil).

The Company had no other transactions with related parties during the year except as outlined above and the payments to the key management personnel disclosed in the Remuneration Report commencing on page 12.

There were no guarantees provided to related parties during the year.

23. Remuneration of auditor

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:

(a) Audit services

	2022 $	2021 $
Rothsay Audit & Assurance Pty Ltd (2021: Rothsay Auditing) – audit and review of financial reports	**22,000**	22,000
Total remuneration for audit services	**22,000**	22,000

(b) Non-audit services

There were Nil non-audit services provided by the auditor of the Company, Audit & Assurance Pty Ltd (2021: Rothsay Auditing) during the year (2021: Nil).

24. Parent Entity Information

The following details information related to the parent entity, Breaker Resources NL, at 30 June 2022 and 30 June 2021. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2022 $	2021 $
Financial Position		
Current assets	**20,456,234**	11.461,960
Non-current assets	**127,296**	219,257
Total assets	**20,583,530**	11,681,217
Current liabilities	**992,439**	863,210
Total liabilities	**992,439**	863,210
Net assets	**19,591,091**	10,818,007
Contributed equity	**83,880,379**	83,880,379
Reserves	**5,133,397**	1,617,835
Accumulated loss	**(69,422,685)**	(74,680,207)
Total equity	**19,591,091**	10,818,007
Financial Performance		
Profit/(Loss) for the year	**688,917**	(15,170,894)
Other comprehensive income	**6,756,923**	-
Total comprehensive income/(loss)	**7,445,840**	(15,170,894)

25. Subsequent events

Subsequent to 30 June 2022, the Company disposed of its remaining shareholding in Global Lithium Resources Limited (GL1) with a significant appreciation in value post 30 June 2022 and received net proceeds of approximately $15 million. The Company intends to use the funds to further advance Breaker's exploration and development activities.

The impact of the COVID-19 pandemic is ongoing. While there has been no material impact on the Company's financial position and operation up to 30 June 2022 as a result of COVID-19, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the WA and Australian Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There were no other matters or circumstances arising since the end of the reporting period that have significantly affected or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2022.

Directors' Declaration

The directors declare that:

- the Financial Statements comprising the *Statement of Profit or Loss and Other Comprehensive Income*, *Statement of Financial Position*, *Statement of Changes in Equity*, *Statement of Cash Flows* and accompanying notes set out on pages 20 to 44 are in accordance with the *Corporations Act 2001* (Cth), including:

  i. complying with Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and
  ii. giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;

- in the opinion of the directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

- 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*; and

- the directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001* (Cth).

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001* (Cth).

On behalf of the directors

TOM SANDERS
Managing Director

Perth, 30 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

BREAKER RESOURCES NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Breaker Resources NL ("the Company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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

A Level 1/6 O'Connell Street
Sydney NSW 2000

A Level 1, Lincoln Building,
4 Ventnor Avenue, West Perth WA 6005

E info@rothsay.com.au
W www.rothsay.com.au

We have determined the following key audit matters to communicate in our report:

Key Audit Matter – Disposal of Tenement Interest	*How our Audit Addressed the Key Audit Matter*
During the year the Group disposed of an 80% interest in its Manna Lithium Project ("the Project") for $6.5 million in cash and 10,268,229 shares in Global Lithium Resources Limited ("GL1"). The details of this transaction are disclosed in Note 4 to the financial statements. The disposal of the 80% interest in the Manna Lithium Project was considered to be a key audit matter due to: • the judgement involved in determining the valuation of non-cash consideration; and • the judgement involved in accounting for the non-cash consideration subsequent to the disposal of 80% of the Group's interest in the Project.	Our procedures related to the disposal of the 80% interest in the Group's Manna Lithium Project included but were not limited to: • Assessing the amount recognised in the financial statements on disposal of 80% of the Group's interest in the Project; • Assessing the subsequent accounting treatment of the non-cash consideration received on disposal of 80% of the Group's interest in the Project; and • We have also assessed the appropriateness of the disclosures included in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx.

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

BREAKER RESOURCES NL (continued)

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2022.

In our opinion the remuneration report of the Group for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

Dated 30 September 2022