Financial Report for the Year ended 30 June 2019

Corporate Directory

Board of Directors

Thomas Sanders	Executive Chairman
Mark Edwards	Non-Executive Director
Michael Kitney	Non-Executive Director
Linton Putland	Non-Executive Director

Senior Management

Alastair Barker	Exploration Manager
Michelle Simson	Manager Corporate Affairs/Company Secretary

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

Auditors

Rothsay Chartered Accountants
Level 1, 4 Ventnor Avenue
West Perth, Western Australia 6005

Solicitors

Steinepreis Paganin
Level 4, 16 Milligan Street
Perth, Western Australia 6000

Share Registry

Automic Registry Services
Level 2, 267 St George's 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

Fully paid ordinary shares and partly paid ordinary shares in Breaker Resources NL are quoted on ASX Limited (codes: BRB and BRBCA respectively). The Home Exchange is Perth, Western Australia.

ABN

87 145 011 178

Financial Report
for the Year ended 30 June 2019

Review of Activities

During 2018/19, Breaker Resources NL (**Breaker**) focused activities on the 100%-owned **Lake Roe Project**, 100km east of Kalgoorlie. Resource definition and extensional drilling continued, and an updated Mineral Resource was released in September 2018. An open pit Pre-Feasibility Study (**PFS**) was also progressed.

Lake Roe Drilling

Drilling in the period was undertaken using four rigs (reverse circulation (**RC**) and diamond). The trend of a new lode discovery every quarter continued, with the Eastern; Boneyards and Harlequin; Morant and North Extension; and Daisy lodes being discovered during the period. The three year long first phase of Resource drilling of the Bombora Gold Deposit concluded in April 2019 to enable consolidation and review of data and planning for phase two. As at the end of the reporting period, aircore drilling focussed on water exploration and sterilisation drilling for infrastructure planning purposes was underway.

The strike length of the Bombora discovery increased from 2.2km to 3.2km during the year, as drilling defined additional mineralisation[1]. The Bombora discovery lies within an 8km gold system that remains open in all directions.

Gold occurs in three stacked sulphide-rich lode orientations, and in quartz-sulphide stockwork zones. The gold occurs preferentially in the upper, iron-rich part of a fractionated dolerite, and is therefore stratabound in nature. The overall gold distribution is controlled by early, multiple, stacked, steep NNW-trending mineralised faults, accompanied by linking flat and west-dipping faults that are also well-mineralised.

The lodes typically contain 2-5% pyrite and pyrrhotite accompanied by extensive silica, albite, biotite and carbonate alteration with varying amounts of (tensional) quartz-sulphide veining which can form local zones of coherent stockwork mineralisation.

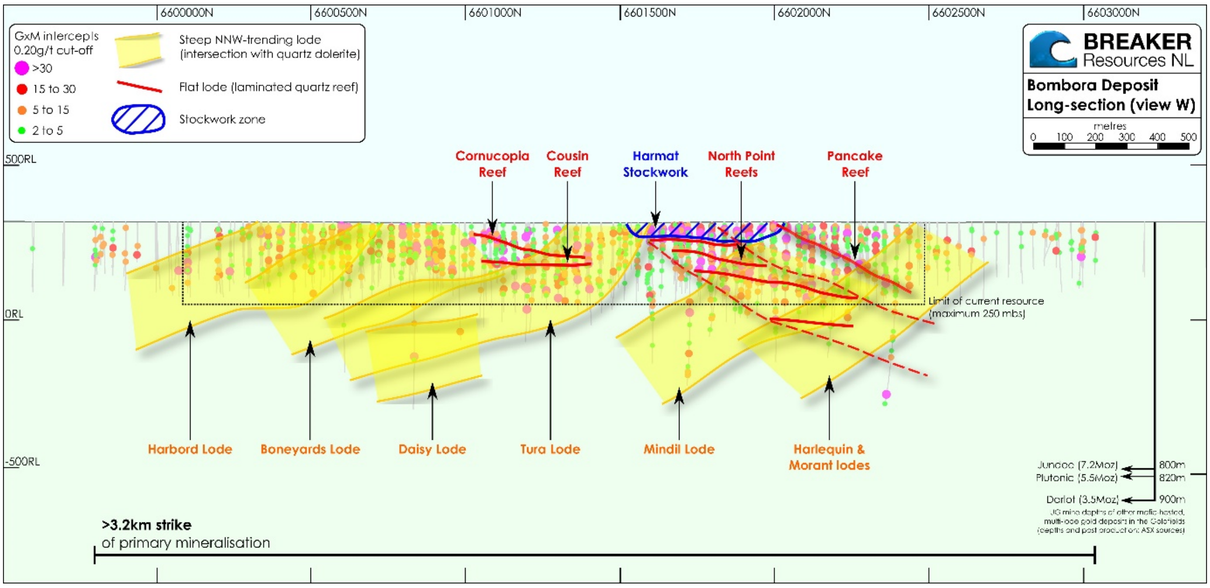

Figure 1: Bombora gold deposit: Structural summary

Resource delineation drilling at Bombora continued to progressively reduce the drill hole spacing to 40m x 20m or 20m x 20m (from 100m x 20m or wider). The main aim of the diamond drilling was structural orientation and validation, as well as to provide an indication of depth potential for underground mining.

Highlight intersections[2] during the period included:

Hole_ID	Interval at g/t Au	From	Includes
BBRC0901	4m at 13.70	32m	
BBRC0908	8m @ 1.28	80	
BBRC0909	3m @ 6.84	154	2m @ 9.82g/t
BBRC0911	15m @ 1.53	140	5m @ 3.36g/t
BBRC0915	20m @ 1.66	60	8m @ 3.21g/t
BBRD0784	6m @ 4.31	230	1m @ 17.26g/t
BBRD0787	45m @ 2.14	194	17m @ 3.23g/t
BBRC0937	35m @ 3.83	81	5m @ 10.96g/t & 10m @ 6.09g/t
BBDD0067	22m @ 3.12	25	5m @ 12.38g/t
BBRC0923	12m @ 3.21	68	5m @ 4.7g/t & 3m @ 6.76g/t
BBRC0925	12m @ 3.40	180	4m @ 8.22g/t
BBRD0848	3m @ 10.74	176	1.64m @ 18.99g/t
BBDD0068	4.63m @ 5.64	46.33	2.44m @ 10.39g/t
BBRC1020	9m @ 13.86	47	4m @ 29.99g/t
BBDD0078	15m @ 4.99	82	11.1m @ 6.26g/t
BBRC0995	4m @ 10.79	44	
BBRD0782	12.94m @ 2.35	247.06	5.17m @ 4.44g/t & 3.17m @ 6.78g/t
BBRD1146	4m @ 20.3	84	
BBDD0083	27m @ 2.57	23	21m @ 3.11g/t
BBRD1261	29m @ 1.69	258	8m @ 3.81g/t
BBRC1269	12m @ 2.31	228	4m @ 6.30g/t
BBRC1279	8m @ 4.44	64	4m @ 8.00g/t
BBRD1135	14m @ 18.86	245	6.82m @ 36.87g/t
BBRD1261	29m @ 1.69	258	14m @ 2.61g/t & 8m @ 3.81g/t
BBRD1111	9.6m @ 1.43	185.4	4m @ 2.96g/t
BBDD0086	9.17m @ 7.17	491.83	6.1m @ 10.54g/t & 1.48m @ 42.02g/t

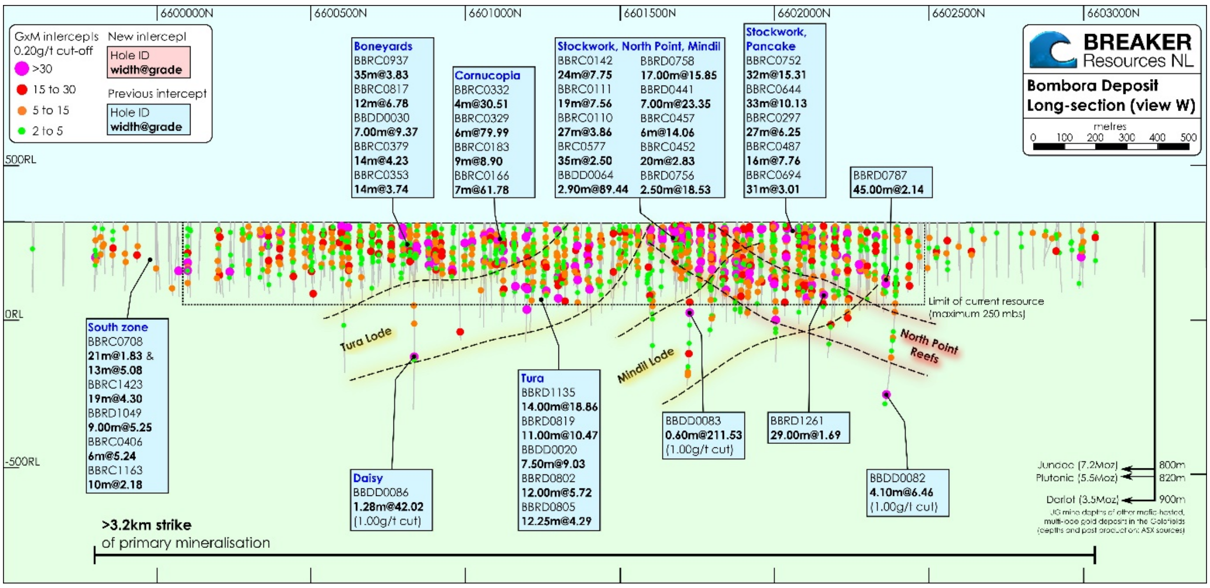

Figure 2: Long Section looking west showing selected drill intersections (all intersections by down-hole length)

Other Gold Prospects

Whilst the main drilling focus continues to be the Bombora Deposit, drilling was also undertaken during the period at the Bombora South, Crescent and Claypan Shear North Prospects.

Primary gold mineralisation was identified at Bombora South with intercepts including 20m @ 0.76g/t Au from 44m (including 8m @ 1.37g/t; BBRC1065) and 7m @ 0.95g/t from 146m (including 1m @ 3.22g/t; BBRD0407)[3].

At the Crescent Prospect, located approximately 2km north of Bombora, drilling confirmed the discovery of continuous shallow gold mineralisation over a 300m x 200m area with good open pit potential to the north and down-dip[3]. This is the first satellite gold system identified outside the main Bombora deposit.

Sixteen shallow exploratory RC holes were completed at Claypan Shear North and were designed to penetrate a nominal 10m into fresh rock. The highlight from the program is BBRC1322, on the northernmost line which terminated in mineralisation. This hole returned fresh rock intercepts of 2m @ 1.89g/t Au from 44m (including 1m @ 3.46g/t from 44m), and 2m @ 0.82g/t Au from 55m to end-of-hole (**EOH**) (including 1m @ 1.33g/t from 56m to EOH)[4]. Both intercepts are associated with shearing, biotite-albite-sulphide alteration and quartz veining, similar to that observed at Bombora and Crescent.

The drilling at Lake Roe has progressively built an understanding of the nature, distribution and geometry of the gold mineralisation, starting from scratch (a rare greenfields discovery concealed by transported cover). It has also successfully proven continuity and upgraded the mining potential of what is the dominant style of mineralisation in WA's Eastern Goldfields.

Manna Lithium Prospect

The Manna Prospect is located approximately 15km south of Bombora and outcropping lithium-bearing pegmatite was discovered in the area in early 2018. First-pass rock-chip sampling identified widespread enrichment in lithium (up to 3.81% Li_2O), tantalum (up to 366ppm Ta_2O_5) and niobium (up to 251ppm Nb_2O_5) and strong evidence of chemical zoning[5]. Mapping and sampling during the period confirmed the presence of a spodumene-rich, lithium-cesium-tantalum (**LCT**) pegmatite system over a 3.4km x 1km area; an area which is constrained by outcrop limits and the extent of sampling.

Drilling during the fourth quarter of 2018 was designed to obtain first-pass information on the width, grade and continuity of the lithium-bearing pegmatite observed at surface. Ten reconnaissance RC drill holes were completed for a total of 1,503m. Intersections included 17m @ 1.80% Li_2O (BMRC0009), 14m @ 1.03% Li_2O (BMRC0001) and 9m @ 1.60% Li_2O (BMRC0002)[6].

The drilling indicates a 150m- to 200m-wide swarm of spodumene-rich dykes extending over a distance of at least 700m, with individual pegmatite dykes up to 15m in (true) width. The mineralised pegmatite encountered in the drilling can generally be linked to mineralised pegmatite observed at surface, suggesting good continuity in the dip dimension.

The reconnaissance line of five RC drill holes extending southeast of the main pegmatite outcrop identified new lithium-mineralised pegmatite in two holes, BMRC0007 and BMRC0008. BMRC0007 and BMRC0008 both intercepted a ~20m wide zone of multiple lithium-mineralised pegmatite dykes (up to 4m @ 1.65% Li_2O in BMRC0008)[6]. This mineralisation is not exposed at surface and also remains open in all directions.

Further afield (outside the 3.4km x 1km area), a new, separate zone of lithium-bearing pegmatite was discovered ~2km to the east-southeast. Further mapping and rock chip sampling are planned to assess the potential of this area.

Collectively, the results highlight the potential for a large, previously unexplored field of LCT pegmatite.

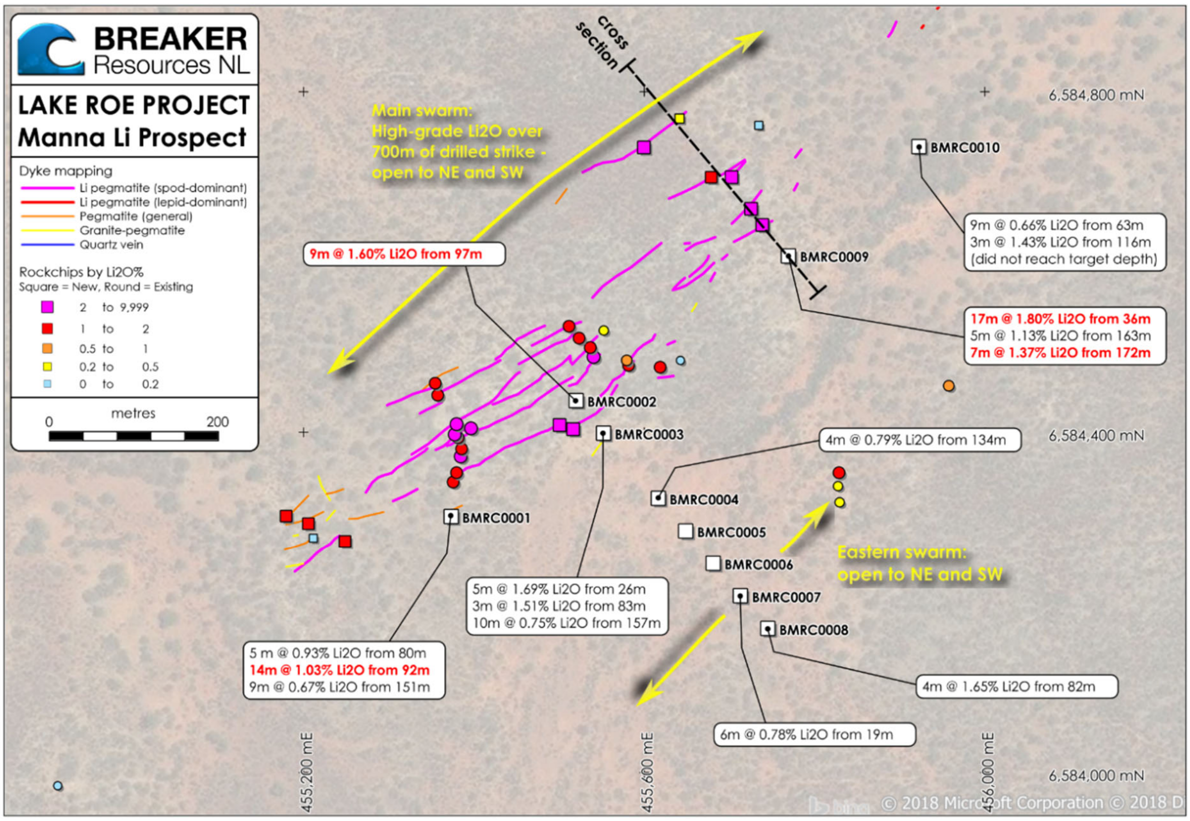

Figure 3: Plan of the spodumene-dominant zone of the Manna Lithium Prospect, showing the maiden RC drilling collars and results, plus surface mapping and rock chip information

Updated Mineral Resource

The maiden Mineral Resource estimate for the Bombora Deposit was completed in April 2018 and comprised 11,876,000t at 1.6g/t gold for 624,000oz[7]. An updated JORC 2012 estimate, incorporating additional drilling results, was released in September 2018[8]:

Table 1: September 2018 Mineral Resource for the Bombora Deposit at the Lake Roe Project

Classification	Tonnes	Au (g/t)	Ounces
Indicated	12,549,000	1.5	624,000
Inferred	12,050,000	1.2	460,000
Total	24,599,000	1.4	1,084,000

Notes:

- *Reported at 0.50g/t Au cut-off*
- *All figures rounded to reflect the appropriate level of confidence (apparent differences may occur due to rounding)*

The updated Resource represented a 74% increase in ounces and contains a high-grade core of 808,000oz at 2.0g/t Au (12.5Mt reported above 1.0g/t Au) or 417,000oz at 3.4g/t Au (3.9Mt reported above 2.0g/t Au)[8]. The Resource is also limited at depth by the extent of the shallow drilling completed (150m to 250m from surface) and is open to the north and south.

A further update of the Bombora Resource is due to be finalised and released in late August 2019.

Lake Roe Pre-Feasibility Study

PFS activities have been ongoing throughout the year, with the potential development pathway for the Bombora Gold Deposit being conducted in parallel to drilling. The PFS is well advanced and some aspects have been completed to feasibility level.

Finalisation of the PFS is expected in late October 2019 and will use the input from the August 2019 Resource update to trigger further open pit optimisation, design and scheduling studies. The output from the optimisation is also expected to guide further drilling by highlighting where the optimised pit shell is constrained by drilling or where there is potential to materially increase Reserves.

The PFS will look at several processing options including standalone processing at a range of rates up to 2.5Mtpa. In addition to metallurgical testwork and process design, the PFS includes geotechnical, hydrological, environmental, heritage, geological and mine engineering aspects. The deposit is on a granted mining lease with a clear development pathway and the studies undertaken to date do not highlight any impediments to development.

Other Exploration

The **Ularring Rock Project** is located 100km east of Perth and covers the Centre Forest and Southern Brook gold-copper prospects. In the first quarter of 2019, deep ground penetrating radar (**DGPR**) technology was trialled over the prospects and a previously unexplored high-tenor tungsten groundwater anomaly. The DGPR successfully imaged the subsurface around the prospect areas. A multitude of fault-like, dyke-like, crystalline and deep weathering anomalies were observed and recorded, as well as interesting notch-shaped features and paleo-channels.

In addition to the DGPR, a high-resolution drone magnetic survey was flown over a 24.6km^2 area at Ularring. Several zones of hydrothermal alteration were interpreted and are expected to result in a number of drill targets.

As at 30 June 2019, the Company held approximately 1,035km^2 of tenements comprising a granted mining lease at Lake Roe, as well as nine granted exploration licences and one exploration licence application across the Lake Roe, Pinjin and Ularring Rock Project areas.

Corporate

Linton Putland was appointed a non-executive Director of the Company on 16 August 2018.

Capital raisings were undertaken in October 2018 and May 2019 comprising placements to institutional and sophisticated investors. They raised $10.6million and $6.3million before costs respectively and resulted in the issue of approximately 57 million shares. Other equity movements during the period include the paying up of partly paid to fully paid ordinary shares and the lapse and issue of unlisted options.

[1] ASX Release 21 March 2019
[2] ASX Releases 4 September 2018, 23 October 2018, 12 December 2018, 31 January 2019, 21 March 2019, 29 April 2019 & 12 July 2019
[3] ASX Release 12 December 2018
[4] ASX Release 12 July 2019
[5] ASX Release 30 April 2018
[6] ASX Release 13 November 2018
[7] ASX Release 18 April 2018 (maiden Resource comprised 11,876,000t at 1.6g/t Au for 624,000oz of which 5,276,000t at 1.6g/t Au for 264,000 was Indicated and 6,600,000t at 1.7g/t Au for 360,000oz was Inferred)
[8] ASX Release 6 September 2018

Competent Persons Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Tom Sanders, Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Sanders is an executive of Breaker Resources NL and his services have been engaged by Breaker on an 80% of full time basis; he is also a shareholder in the Company. Mr Sanders has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sanders consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Mineral Resources and Exploration Targets is based on information announced to the ASX on 18 April 2018 and 26 April 2018. Breaker confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

Directors' Report

The directors of Breaker Resources NL herewith submit the financial report for the year ended 30 June 2019. In order to comply with the provisions of the *Corporations Act 2001* (Cth), the directors report as follows:

Information about Officeholders

Directors
The names of the directors of the Company during the financial year and up to the date of this report are provided below.

<u>Thomas Sanders</u> BSc (Geology); MSc (Mineral Economics); MAusIMM; FAICD
Executive Chairman (appointed 2 July 2010)

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.

<u>Mark Edwards</u> 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.

<u>Michael Kitney</u> 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.

During the past three (3) years, Mr Kitney has served as a director on ASX-listed General Mining Corporation Limited (appointed 20 October 2015; ceased 5 August 2016).

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. Prior to this he held corporate and senior management roles in IAMGOLD Corporation, AurionGold Limited, Delta Gold NL and Pancontinental Mining Limited.

During the past three (3) years, Mr Putland has served as a director on ASX-listed Pacific Energy Limited (appointed 18 October 2016) and Azumah Resources Limited (appointed 18 July 2018).

Company Secretary

The name of the company secretary of the Company 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.

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

Michelle Simson has nearly 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.

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

Board Committee Membership

As at the date of this report, the Board has an Audit Committee, Nomination Committee, Remuneration Committee and a Risk Committee. Three of the four directors comprise membership of each committee and the respective chairmen are:

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

Directors' Meetings

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
Tom Sanders	4	4	1	1	1	1	-	-	2	2
Mark Edwards	4	4	2	2	1	1	1	1	-	-
Mike Kitney	4	4	2	2	1	1	1	1	2	2
Linton Putland *(appointed 16/08/2018)*	3	3	1	1	-	-	1	1	2	2

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**	Partly paid ordinary shares **Number**	Unlisted share options **Number**
Tom Sanders	22,544,660	309,871	3,000,000
Mark Edwards	1,778,190	65,000	1,250,000
Mike Kitney	1,468,544	58,125	1,250,000
Linton Putland	-	-	1,250,000

During the financial year 4,250,000 share options were granted to directors of the Company as part of their remuneration (2018: Nil).

Directors' and Officers' Insurance

During the financial year, Breaker paid a premium to insure the directors and secretary of the Company. 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.

Operational Review

Activities Review

A review of the exploration activities undertaken during the year commences on page 1.

Financial Review

During the year total exploration expenditure incurred by the Company amounted to $14,418,057 (2018: $13,351,027). In line with the Company's accounting policies, all exploration expenditure is written off as it is incurred. Net administration and other expenses amounted to $1,892,150 (2018: $720,575). The Company's operating loss after income tax for the year is $16,310,207 (2018: $14,071,602).

At year end the Company held cash and cash equivalents and term deposits of $4,925,956 (2018: $5,173,422).

Operating Results for the Year

Summarised operating results are as follows:

	Revenues **$**	Results **$**
Revenues and profit/(loss) from ordinary activities before income tax expenses	98,086	(16,310,207)

Shareholder Return

Summarised shareholder return is as follows:

	2019 **cents**	2018 **cents**
Basic profit/(loss) per share	(9.30)	(9.90)

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 9,150,000 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	2,500,000	$0.448	31 December 2019
Unlisted	2,000,000	$0.432	31 December 2019
Unlisted	150,000	$0.644	31 December 2019
Unlisted	250,000	$0.730	31 December 2020
Unlisted	4,250,000	$0.465	31 December 2021

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	4,250,000	$0.465	31 December 2021	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	250,000	$0.690	31 December 2019	Cessation of employment
Unlisted	500,000	$0.400	30 June 2019	Expired

Significant Changes in State of Affairs

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

Subsequent Events

There were no 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 2019.

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 18 and forms part of the Directors' Report for the financial year ended 30 June 2019.

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 2019. 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:

- 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.

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:

- Tom Sanders — Executive Chairman
- Mark Edwards — Non-Executive Director
- Mike Kitney — Non-Executive Director
- Linton Putland — Non-Executive Director
- Alastair Barker — Exploration Manager
- Michelle Simson — Manager Corporate Affairs/Company Secretary

Principles Used to Determine the Components and Amount of Compensation

Remuneration Committee

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.

Remuneration Policy

The remuneration policy of Breaker Resources NL has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's 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 9.5%. 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 $144,000 per annum. The base fee paid to non-executive directors is $48,000 per annum inclusive of superannuation.

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 2019.

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 $	Non-monetary $	Super-annuation $	Retirement benefits $	Options $	**Total** $
Tom Sanders						
2019	**313,875**	**-**	**-**	**-**	**517,729**	**831,604**
2018	314,659	-	-	-	-	314,659
Mark Edwards						
2019	**47,000**	**-**	**-**	**-**	**-**	**47,000**
2018	40,000	-	-	-	-	40,000
Mike Kitney						
2019	**53,330**[1]	**-**	**7,833**	**-**	**-**	**61,163**
2018	42,558	-	6,667	-	-	49,225
Linton Putland[2]						
2019	**52,316**[3]	**-**	**3,638**	**-**	**206,851**	**262,805**
Alastair Barker						
2019	**253,750**	**-**	**-**	**-**	**-**	**253,750**
2018	259,938	-	-	-	-	259,938
Michelle Simson						
2019	**223,040**	**-**	**23,880**	**-**	**-**	**246,920**
2018	226,944	-	24,823	-	-	251,767

Notes

[1] *In addition to directors' fees of $39,167 and associated superannuation of $7,833 during 2018/19, Metallurgical Design, an entity controlled by Mike Kitney, was paid fees of $14,163, at arm's length market rates, under an agreement for the provision of project management services for Lake Roe metallurgical testwork.*

[2] *Linton Putland was appointed a director on 16 August 2018.*

[3] *In addition to directors' fees of $38,297 and associated superannuation of $3,638 during 2018/19, LJ Putland & Associates, an entity controlled by Linton Putland, was paid fees of $14,019, at arm's length market rates, under an agreement for the provision of project management services for Lake Roe engineering studies.*

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 (2018: Nil).

Options

4,250,000 options in the Company were issued to key management personnel as part of their remuneration during the year (2018: Nil). There were Nil options exercised or sold by key management personnel during the year (2018: Nil).

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
60532	28 November 2016	31 December 2019	22.36	28 November 2016
60533	5 December 2016	31 December 2019	17.48	5 December 2016
BRBOPT07	22 November 2018	31 December 2021	16.55	28 November 2018
BRBOPT07	22 November 2018	31 December 2021	17.26	29 November 2018

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:

	Fully Paid Ordinary Shares				
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**
Tom Sanders					
2019	**22,544,660**	**-**	**-**	**-**	**22,544,660**
2018	21,027,067	-	-	1,517,593	22,544,660
Mark Edwards					
2019	**1,778,190**	**-**	**-**	**-**	**1,778,190**
2018	1,666,108	-	-	112,082	1,778,190
Mike Kitney					
2019	**1,468,544**	**-**	**-**	**-**	**1,468,544**
2018	1,468,544	-	-	-	1,468,544
Linton Putland[1]					
2019	**-**	**-**	**-**	**-**	**-**
Alastair Barker					
2019	**373,162**	**-**	**-**	**-**	**373,162**
2018	228,912	-	-	144,250	373,162
Michelle Simson					
2019	**16,300**	**-**	**-**	**-**	**16,300**
2018	-	-	-	16,300	16,300

Notes
[1] *Linton Putland was appointed a director on 16 August 2018.*

Partly Paid Ordinary Shares

Key management personnel	Balance at start of year Number	Granted as compensation Number	Other changes Number	Balance at year end Number
Tom Sanders				
2019	**309,871**	**-**	**-**	**309,871**
2018	1,309,871	-	(1,000,000)	309,871
Mark Edwards				
2019	**65,000**	**-**	**-**	**65,000**
2018	65,000	-	-	65,000
Mike Kitney				
2019	**58,125**	**-**	**-**	**58,125**
2018	58,125	-	-	58,125
Linton Putland[1]				
2019	**-**	**-**	**-**	**-**
Alastair Barker				
2019	**-**	**-**	**-**	**-**
2018	6,250	-	(6,250)	-
Michelle Simson				
2019	**-**	**-**	**-**	**-**
2018	-	-	-	-

Notes
[1] *Linton Putland was appointed a director on 16 August 2018.*

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
Tom Sanders						
2019	**-**	**3,000,000**	**-**	**-**	**3,000,000**	**3,000,000**
2018	-	-	-	-	-	-
Mark Edwards						
2019	**1,250,000**	**-**	**-**	**-**	**1,250,000**	**1,250,000**
2018	1,250,000	-	-	-	1,250,000	1,250,000
Mike Kitney						
2019	**1,250,000**	**-**	**-**	**-**	**1,250,000**	**1,250,000**
2018	1,250,000	-	-	-	1,250,000	1,250,000
Linton Putland[1]						
2019	**-**	**1,250,000**	**-**	**-**	**1,250,000**	**1,250,000**
Alastair Barker						
2019	**1,000,000**	**-**	**-**	**-**	**1,000,000**	**1,000,000**
2018	1,000,000	-	-	-	1,000,000	1,000,000

Michelle Simson						
2019	**1,000,000**	**-**	**-**	**-**	**1,000,000**	**1,000,000**
2018	1,000,000	-	-	-	1,000,000	1,000,000

Notes

[1] *Linton Putland was appointed a director on 16 August 2018.*

Details of Service Agreements and Employment Contracts

Service agreements are in place between the Company and Executive Chairman Tom Sanders and Exploration Manager Alastair Barker. Manager Corporate Affairs/Company Secretary Michelle Simson is employed via contract. Details of these arrangements as at 30 June 2019 are provided below:

- Service Agreement: Tom Sanders – Executive Chairman
  - 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 $319,300* (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 $257,500* (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: Michelle Simson – Manager Corporate Affairs/Company Secretary
  - Base salary of $227,630* 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.

** The figures stated represent the respective fees as at 30 June 2019. An increase was implemented during 2018/19.*

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>Executive Chairman</u>

Perth, 22 August 2019

ROTHSAY
Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Breaker Resources NL
12 Walker Ave
West Perth WA 6005

Dear Sirs

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

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2019 financial statements; and

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

GRSw

Graham Swan (Lead auditor)

Rothsay Auditing

Dated 22 August 2019

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Statement of Profit or Loss and Other Comprehensive Income for the Financial Year ended 30 June 2019

	Notes	2019 $	2018 $
Income			
Government grant and incentive	4	**-**	30,000
Interest income	4	**91,086**	207,210
Other income	4	**7,000**	20,490
Total income		**98,086**	257,700
Expenses			
Administration expenses		**(785,535)**	(570,818)
Depreciation expenses	4	**(172,758)**	(103,063)
Employee benefits expenses	4	**(304,747)**	(239,657)
Exploration and evaluation expenses	4	**(14,418,057)**	(13,351,027)
Share-based payment expenses		**(724,580)**	(64,737)
Other expenses		**(2,616)**	-
Total expenses		**(16,408,293)**	(14,329,302)
Profit/(Loss) before income tax		**(16,310,207)**	(14,071,602)
Income tax expense	6	**-**	-
Profit/(Loss) for the year		**(16,310,207)**	(14,071,602)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**(16,310,207)**	(14,071,602)
Profit/(Loss) attributable to owners of the Company		**(16,310,207)**	(14,071,602)
Total comprehensive income/(loss) attributable to owners of the Company		**(16,310,207)**	(14,071,602)
Basic and diluted profit/(loss) per share attributable to the ordinary equity holders of the Company (cents per share)	15	**(9.30)**	(9.90)

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

Statement of Financial Position
as at 30 June 2019

	Notes	2019 $	2018 $
Current Assets			
Cash and cash equivalents	7	**3,875,956**	5,173,422
Term deposits	7	**1,050,000**	-
Trade and other receivables	8	**353,321**	295,703
Other financial assets	9	**71,755**	70,390
Prepaid service	11	**-**	12,103
Total Current Assets		**5,351,032**	5,551,618
Non-Current Assets			
Plant and equipment	10	**429,867**	460,119
Total Non-Current Assets		**429,867**	460,119
Total Assets		**5,780,899**	6,011,737
Current Liabilities			
Trade and other payables	12	**541,396**	1,227,956
Total Current Liabilities		**541,396**	1,227,956
Total Liabilities		**541,396**	1,227,956
Net Assets		**5,239,503**	4,783,781
Equity			
Contributed equity	13	**53,092,600**	37,051,251
Share-based payment reserve		**1,747,915**	1,140,114
Accumulated profit/(loss)		**(49,601,012)**	(33,407,584)
Capital and reserves attributable to owners of the Company		**5,239,503**	4,783,781
Total Equity		**5,239,503**	4,783,781

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

Statement of Changes in Equity
for the Financial Year ended 30 June 2019

		Attributable to owners of the Company			
	Notes	Contributed Equity $	Share-based Payments Reserve $	Accumulated Profit/(Losses) $	Total $
Balance at 30 June 2017		25,342,430	1,817,586	(20,078,191)	7,081,825
Profit/(Loss) for the year		-	-	(14,071,602)	(14,071,602)
Total comprehensive income/(loss) for the year		-	-	(14,071,602)	(14,071,602)
Options issued during the year		-	64,737	-	64,737
Options expired and transferred to accumulated losses		-	(742,209)	742,209	-
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs	13	11,708,821	-	-	11,708,821
Balance at 30 June 2018		37,051,251	1,140,114	(33,407,584)	4,783,781
Profit/(Loss) for the year		**-**	**-**	**(16,310,207)**	**(16,310,207)**
Total comprehensive income/(loss) for the year		**-**	**-**	**(16,310,207)**	**(16,310,207)**
Options issued during the year		**-**	**724,580**	**-**	**724,580**
Options expired/withdrawn and transferred to accumulated loss		**-**	**(116,779)**	**116,779**	**-**
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs	13	**16,041,349**	**-**	**-**	**16,041,349**
Balance at 30 June 2019		**53,092,600**	**1,747,915**	**(49,601,012)**	**5,239,503**

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

Statement of Cash Flows
for the Financial Year ended 30 June 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,128,117)**	(854,330)
Payments for exploration and evaluation expenditure		**(15,070,750)**	(12,331,074)
Receipts from government grant and incentive		**-**	30,000
Other income received		**7,000**	20,490
Interest received		**91,086**	207,210
Net cash inflow/(outflow) from operating activities	17	**(16,100,781)**	(12,927,704)
Cash flows from investing activities			
Payments for plant and equipment		**(186,669)**	(263,675)
Payments for other financial assets		**(1,365)**	(733)
Investment in term deposits		**(7,350,000)**	(10,750,000)
Withdrawn from term deposits		**6,300,000**	14,334,522
Net cash inflow/(outflow) from investing activities		**(1,238,034)**	3,320,114
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**16,905,143**	11,557,187
Share issue transaction costs		**(863,794)**	(583,091)
Net cash inflow/(outflow) from financing activities		**16,041,349**	10,974,096
Net increase/(decrease) in cash and cash equivalents		**(1,297,466)**	1,366,506
Cash and cash equivalents at the beginning of the period		**5,173,422**	3,806,916
Cash and cash equivalents at the end of the period	7	**3,875,956**	5,173,422

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

Notes to the Financial Statements for the Year ended 30 June 2019

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 as an individual entity and are presented in the Australian currency. The Financial Statements were authorised for issue by the directors on 22 August 2019. 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 Interpretations (**Standards**) issued by the Australian Accounting Standards Board (**AASB**). The Financial Statements and notes of the Company also comply with International Financial Reporting Standards issued by the International Accounting Standards Board.

These Financial Statements have been prepared under the historical cost convention. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Going concern

The Financial Statements have been prepared on the basis of 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 ability of the Company to continue as a going concern is dependent upon funding to provide adequate working capital for a further 12 months from the date of signature of the Financial Statements. The directors intend to raise capital if it is needed. Therefore, they are satisfied that the going concern basis of preparation is appropriate.

The 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 Company be unable to continue as a going concern.

(b) New and revised accounting standards

i. Amendments to Accounting Standards that are mandatorily effective for the current year

In the current year, the Company has applied the below applicable amendments to Standards issued by the AASB that are mandatorily effective for an accounting period that begins on or after 1 July 2018, and therefore relevant for the current year end.

AASB 9 'Financial Instruments' and the relevant amending standards
In the current year, the Company has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Standards that are effective for an annual period that begins on or after 1 July 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives. The adoption has had no impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in the current year or previous year.

AASB 9 introduced new requirements for:
- the classification and measurement of financial assets and financial liabilities;
- impairment of financial assets; and
- general hedge accounting.

Details of these new requirements as well as their impact on the Financial Statements are described below.

The date of initial application (ie. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of AASB 9) is 1 July 2018. Accordingly, the Company has applied the requirements of AASB 9 to instruments that continue to be recognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018.

All recognised financial assets that are within the scope of AASB 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;

- Debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income (**FVTOCI**); and

- All other debt investments and equity investments are subsequently measured at fair value through profit or loss (**FVTPL**).

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment (see below).

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of AASB 9 has had the following impact on the Company's financial assets as regards their classification and measurement:

- Financial assets classified as held-to-maturity and loans and receivables under AASB 139 that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Impairment of financial assets
In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Company to account 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. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, AASB 9 requires the Company to recognise a loss allowance for expected credit losses on:
- debt investments measured subsequently at amortised cost or at FVTOCI;
- lease receivables;
- trade receivables and contract assets; and
- financial guarantee contracts to which the impairment requirements of AASB 9 apply.

The directors assess all its financial assets, including cash and bank balances and receivables, having as low credit risk at each reporting date as they are held with reputable banking institutions or government bodies.

Classification and measurement of financial liabilities
One major change introduced by AASB 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, AASB 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under AASB 139, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of AASB 9 has had no impact on the classification and measurement of the Company's financial liabilities.

Disclosures in relation to the initial application of AASB9
There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under AASB 139 that were subject to reclassification or which the Company has elected to reclassify upon the application of AASB 9. There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of AASB 9.

AASB 2016-5 'Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions',
The Company has adopted AASB 2016-5 for the first time in the current year. The amendments clarify the following:

- In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments;

- Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, ie. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature; and

- A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
  - the original liability is derecognised;
  - the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
  - any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

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 Company's business listed below were in issue but not yet effective. The potential effect of the revised Standards on the Company's financial statements has not yet been determined.

AASB 9 'Lease', effective for annual reporting periods beginning on or after 1 January 2019, expected to be initially applied in the financial year ending 30 June 2020.

AASB 2008-1 'Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle', effective for annual reporting periods beginning on or after 1 January 2019, expected to be initially applied in the financial year ending 30 June 2020.

(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 Company'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 Company 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 Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

(e) Interest income

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 tax income 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 non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. 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 is estimated to be less than its carrying amount, the carrying amount of the asset 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.

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, 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, and bank overdrafts.

(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) Financial assets

There are three principal classification categories for financial assets: measured at amortised cost, at FVTOCI and at FVTPL. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at FVTOCI.

All other debt investments and equity investments are subsequently measured at FVTPL.

<u>Impairment</u>

The Company 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 and Other Comprehensive Income* 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 Company prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms. They are presented as current liabilities unless payment is not due within 12 months after the reporting period.

(n) Employee benefits

Short-term obligations

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 payables.

Other long-term employee benefit obligations

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 Company 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:

<u>Environmental issues</u>

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.

<u>Taxation</u>

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.

3. Financial risk management

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

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

(a) Market risk

Foreign exchange risk

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

Commodity price risk

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

Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents and bank deposits. The Company'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 Company of $4,925,956 (2018: $5,173,422) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Company was 1.71% (2018: 1.53%).

Sensitivity analysis

At 30 June 2019, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Company would have been $50,497 lower/higher (2018: $62,987) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Company has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount of those assets as disclosed in the *Statement of Financial Position* and *Notes to the Financial Statements*.

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

(c) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings.

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

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

(d) Fair value estimation

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

4. Income and expenses

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

	2019 $	2018 $
Government grant and incentive	-	30,000
Interest income	**91,086**	207,210
Other	**7,000**	20,490
	98,086	257,700

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

	2019 $	2018 $
Depreciation expenses	**172,758**	103,063
Exploration and evaluation expenses	**14,418,057**	13,351,027

(c) Employee benefit expenses:

	2019 $	2018 $
Wages and superannuation	**139,441**	134,940
Directors' fees	**128,936**	80,000
Annual leave provision	**616**	(5,706)
Other	**35,754**	30,423
	304,747	239,657

5. Operating segments

For management purposes, the Company 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 Company's mineral assets in this geographic location. Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Company's accounting policies.

	2019 $	2018 $
Segment revenue	-	-
Reconciliation of segment revenue to total revenue before tax:		
Government grant and incentive	-	30,000
Interest revenue	**91,086**	207,210
Other income	**7,000**	20,490
Total revenue	**98,086**	257,700

	2019 $	2018 $
Segment result	**(14,418,057)**	(13,351,027)
Reconciliation of segment result to loss before tax:		
Depreciation expenses	**(172,758)**	(103,063)
Other corporate and administration income/(expenses), net	**(1,719,392)**	(617,512)
Net profit/(loss) before tax	**(16,310,207)**	(14,071,602)
Segment operating assets	**381,562**	399,309
Reconciliation of segment operating assets to total assets:		
Other corporate and administration assets	**5,399,337**	5,612,428
Total assets	**5,780,899**	6,011,737
Segment additions to non-current assets	**134,261**	240,782
Other corporate additions to non-current assets	**6,545**	64,441
Total additions to non-current assets	**140,806**	305,223
Segment operating liabilities	**381,974**	1,046,770
Reconciliation of segment operating liabilities to total liabilities:		
Other corporate and administration liabilities	**159,422**	181,186
Total liabilities	**541,396**	1,227,956

6. Income tax

	2019 $	2018 $
Income tax expense		
Current tax	**-**	-
Deferred tax	**-**	-
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(Loss) from continuing operations before income tax expense	**(16,310,207)**	(14,071,602)
Prima facie tax benefit at the Australian tax rate of 30% (2018: 27.5%)	**(4,893,062)**	(3,869,691)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
⌘ Capital raising costs	**(133,214)**	(85,164)
⌘ Entertainment	**3,926**	1,841
⌘ Share-based payment	**221,005**	(223,483)
	(4,801,345)	(4,176,497)
Movements in unrecognised temporary differences	**(29,633)**	(49,958)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**4,830,978**	4,226,455
Income tax expense	**-**	-

	2019 $	2018 $
Unrecognised temporary differences		
Deferred tax liabilities on income tax account		
Prepayments	**21,458**	15,256
Plant and equipment	**121,577**	116,864
FBT payable	**-**	803
DTA used to offset DTL	**(143,035)**	(132,923)
Deferred tax liabilities	**-**	-
Deferred tax assets on income tax account		
Accruals	**19,500**	29,929
Provisions	**12,280**	12,832
Capital raising costs	**386,860**	254,533
Carry forward tax losses	**10,576,826**	7,222,804
DTA used to offset DTL	**(143,035)**	(132,923)
	10,852,431	7,387,175
Deferred tax liabilities	**-**	-

Breaker Resources NL is no longer considered a base rate entity for income tax purposes and is therefore subject to income tax at a rate of 30% (2018: 27.5%). As a result, the deferred tax assets of the Company have been adjusted in the 2019 year to reflect the increase in corporate tax rate applicable to the Company.

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. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise benefits. The utilisation of tax losses is dependent on the Company satisfying the continuity of ownership test or the same business test at the time the tax losses are applied against taxable income.

The Company participated in the federal government's 2016/17 Exploration Development Incentive Scheme (**EDI**) for eligible exploration entities. As a result the Company has foregone 2017 income tax losses to the extent of $7,111,915 in exchange for the EDI credits of $1,955,776 for the eligible shareholders.

7. Cash and cash equivalents

	2019 $	2018 $
Cash at bank and in hand	**3,875,956**	5,173,422
Cash and cash equivalents as shown in the *Statement of Financial Position* and the *Statement of Cash Flows*	**3,875,956**	5,173,422

	2019 $	2018 $
Term deposits classified separate to cash on face of *Statement of Financial Position*	**1,050,000**	-

Cash and cash equivalents include short-term deposits made for varying periods of between one (1) month and three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

As at 30 June 2019, the Company had a term deposit of $1,050,000 with maturity of four (4) months (2018: Nil).

8. Trade and other receivables

	2019 $	2018 $
Prepayments	**71,529**	55,475
GST receivable and FBT instalment	**281,792**	238,689
Other receivables	**-**	1,539
	353,321	295,703

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. Other financial assets

	2019 $	2018 $
Term deposits as a security	**70,992**	70,390
Other financial assets	**763**	-
	71,755	70,390

10. Plant and equipment

	2019				2018			
	Furniture & office equipment $	**Exploration equipment $**	**Motor vehicles $**	**Total $**	Furniture & office equipment $	Exploration equipment $	Motor vehicles $	Total $
Cost	**132,999**	**184,628**	**799,758**	**1,117,385**	126,454	165,650	684,475	976,579
Accumulated depreciation	**(84,694)**	**(141,908)**	**(460,916)**	**(687,518)**	(65,644)	(126,588)	(324,228)	(516,460)
Net book amount	**48,305**	**42,720**	**338,842**	**429,867**	60,810	39,062	360,247	460,119
Opening net book amount	**60,810**	**39,061**	**360,248**	**460,119**	6,104	37,551	214,304	257,959
Additions	**6,545**	**18,979**	**115,282**	**140,806**	64,441	13,881	226,901	305,223
Depreciation charge	**(19,050)**	**(15,320)**	**(136,688)**	**(171,058)**	(9,735)	(12,371)	(80,957)	(103,063)
Closing net book amount	**48,305**	**42,720**	**338,842**	**429,867**	60,810	39,061	360,248	460,119

11. Prepaid service

	2019 $	2018 $
Prepaid service	-	12,103

The Company issued 500,000 options to a supplier in exchange of the use of certain intellectual property owned by the supplier for a period of three (3) years to the year ended 30 June 2019. The prepaid service was amortised over the agreed period of the use of the property.

12. Trade and other payables

	2019 $	2018 $
Trade creditors	**412,890**	1,056,826
Other payables and accruals	**128,506**	171,130
	541,396	1,227,956

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

		2019		2018	
	Notes	Number	$	Number	$
Ordinary shares fully paid	(b),(d)	**203,689,492**	**53,046,447**	146,101,594	37,004,598
Ordinary shares partly paid	(b),(d)	**4,615,373**	**46,153**	4,665,373	46,653
Total issued capital		**208,304,865**	**53,092,600**	150,766,967	37,051,251

(b) Movements in ordinary share capital

	2019		2018	
	Number	$	Number	$
Beginning of the year	**150,766,967**	**37,051,251**	133,493,607	25,342,430
Issued during the year:				
⌘ Fully paid shares issued in exchange for services	-	-	1,036,167	734,725
⌘ Placements to sophisticated and professional investors	**57,537,898**	**16,895,643**	14,285,715	10,000,000
⌘ Fully paid shares under a Share Purchase Plan	-	-	1,951,478	1,366,000
⌘ Partly paid shares converted to fully paid shares	-	**9,500**	-	191,187
⌘ Transaction costs	-	**(863,794)**	-	(583,091)
End of the year	**208,304,865**	**53,092,600**	150,766,967	37,051,251

(c) Movements in options on issue

	2019 Number	2018 Number
Beginning of the year	**5,650,000**	5,800,000
⌘ Issued	**4,250,000**	250,000
⌘ Expired or lapsed	**(750,000)**	(400,000)
End of the year	**9,150,000**	5,650,000

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 $0.432 and $0.730 and expire between 31 December 2019 and 31 December 2021.

(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.

The partly paid ordinary shares have a total issue price of $0.20 and are paid up to $0.01. The balance is payable by calls made by the Company no earlier than four (4) years after the date of issue (December 2013). Upon becoming fully paid, each partly paid share will rank equally in all respects with the other issued fully paid shares in the Company.

(e) Capital risk management

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

The working capital position of the Company at 30 June 2019 and 30 June 2018 is as follows:

	2019 $	2018 $
Cash and cash equivalents	**3,875,956**	5,173,422
Term deposits	**1,050,000**	-
Trade and other receivables	**353,321**	295,703
Other financial assets	**71,755**	70,390
Trade and other payables	**(541,396)**	(1,227,956)
Working capital position	**4,809,636**	4,311,559

14. Dividends

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

15. Loss per share

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

	2019 $	2018 $
Profit/(Loss) attributable to the owners of the Company used in calculating basic and diluted profit/(loss) per share	**(16,310,207)**	(14,071,602)

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

	2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**175,292,538**	142,156,382

(c) Information on classification of options

As the Company has made a loss for the year ended 30 June 2019, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

16. Commitments

(a) Exploration Commitments

The Company must maintain current rights of tenure to tenements, which requires outlays of expenditure in 2019/20. 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 expenditure on mining, exploration and prospecting leases for 2019/20 as at the date of this report:

	2019 $	2018 $
	635,100	365,000

(b) Capital Commitments

There are no capital expenditure commitments for the Company as at 30 June 2019.

(c) Lease Commitments: Company as Lessee

The Company leases its office under a non-cancellable operating lease expiring within one (1) year. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2019 $	2018 $
Within one (1) year	**45,551**	45,551
Later than one (1) year but not later than five (5) years	**-**	-
	45,551	45,551

17. Reconciliation of loss after income tax to net cash outflow from operating activities

	2019 $	2018 $
Reconciliation of net loss after income tax to net cash flow from operating activities		
Net profit/(loss) for the year	**(16,310,207)**	(14,071,602)
Non-cash items		
Depreciation of non-current assets	**172,758**	103,063
Disposal of plant and equipment	**2,616**	-
Share-based payments of employee options	**724,580**	64,737
Share-based payments in exchange of services	**12,104**	747,929
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(57,618)**	(15,029)
Increase/(decrease)in trade and other payables	**(645,014)**	243,198
Net cash inflow/(outflow) from operating activities	**(16,100,781)**	(12,927,704)

(a) Non-cash transactions

During the year, the Company granted 4,250,000 options to its employees as incentives. The value of the options was included in the Share-based Payments (refer to Note 18).

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:

	2019		2018	
	Number	Weighted average exercise price **cents**	**Number**	Weighted average exercise price **cents**
Outstanding at the beginning of the year	**5,150,000**	**46.0**	5,300,000	45.6
Granted	**4,250,000**	**46.5**	250,000	73.0
Forfeited/cancelled/expired	**250,000**	**69.0**	400,000	40.4
Outstanding at year end	**9,150,000**	**46.3**	5,150,000	43.7
Exercisable at year end	**9,150,000**	**46.3**	4,900,000	46.0

A total of 250,000 unlisted employee options lapsed during the year. The weighted average remaining contractual life of share options outstanding at the end of the financial year was 1.46 years (2018: 1.50 years) and the exercise prices ranged from 43.2 cents to 73.0 cents (2018: 43.2 cents to 73.0 cents).

The weighted average fair value of the employee share options granted during the year was 16.76 cents (2018: 25.90 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	**BRBOPT07**
Grant date share price	$0.350
Exercise price	$0.465
Expected volatility	84.8%
Option life	3.09 years
Risk-free interest rate	2.09%

(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 $724,580 was recognised as a share-based payment expense. An amount of $116,779 was transferred from the share-based payment reserve to accumulated losses as a result of the lapse or expiry of 750,000 options.

19. Key management personnel transactions

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

	2019 $	**2018** $
Short term benefits	**895,311**	915,589
Post-employment benefits	**35,351**	31,490
	930,662	947,079

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.

20. 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 Company 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 $41,762 (2018: $8,411).

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.

21. 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

	2019 $	2018 $
Rothsay Chartered Accountants – 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, Rothsay Chartered Accountants, during the year (2018: Nil).

22. Subsequent events

There were no 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 2019.

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 23 to 41 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 2019 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
Executive Chairman

Perth, 22 August 2019

ROTHSAY

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INDEPENDENT AUDIT 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") which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 of the Company.

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2019 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 Company 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* (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.

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Key Audit Matters

Cash and cash equivalents

The Company's cash and cash equivalents make up 67% of total assets by value and are considered to be the key driver of the Company's operations and exploration activities. We do not consider cash and cash equivalents to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However due to the materiality in the context of the financial statements as a whole, they are considered to be an area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures over the existence of the Company's cash and cash equivalents included but were not limited to:

- Documenting and assessing the processes and controls in place to record cash transactions;
- Testing a sample of cash payments to determine they were bona fide payments, were properly authorised and recorded in the general ledger; and
- Agreeing 100% of cash holdings to independent third party confirmations.

We have also assessed the appropriateness of the disclosures included in notes 1 and 7 to the financial report.

Exploration and evaluation expenditure

The Company incurred significant exploration and evaluation expenditure during the year. We do not consider exploration and evaluation expenditure to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However due to the materiality in the context of the financial statements as a whole, they are considered to be an area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures in assessing the exploration and evaluation expenditure included but were not limited to the following:

- We obtained evidence that the Company has valid rights to explore in the areas represented by the exploration and evaluation expenditure by confirming the Company's tenement holdings;
- We enquired of management and reviewed work programs on exploration and evaluation on the mineral resources in the Company's areas of interest and cross referenced these discussions to ASX announcements and where applicable minutes of directors' meetings;
- We tested a sample of exploration and evaluation expenditure to supporting documentation to ensure they were bona fide payments; and

- Documenting and assessing the processes and controls in place to record exploration and evaluation transactions.

We have also assessed the appropriateness of the disclosures included in Notes 1 and 4 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, 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 Company 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 Company 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 misstatementt, 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.

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 2019.

In our opinion the remuneration report of Breaker Resources NL for the year ended 30 June 2019 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

Rothsay Auditing

Graham Swan FCA
Partner

Dated 22 August 2019