

Notice of Annual General Meeting

incorporating Explanatory
Memorandum & Proxy Form

Date of Meeting:
28 November 2016

Time of Meeting:
8.30am WST

Place of Meeting:
**The Celtic Club
48 Ord Street
WEST PERTH WA 6005**

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary Michelle Simson on (+61 8) 9226 3666.

BREAKER RESOURCES NL
ACN: 145 011 178
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Breaker Resources NL will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Monday, 28 November 2016 at 8.30am WST for the purpose of transacting the business outlined below.

The business at the Meeting affects your shareholding and your vote is important.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice. Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the glossary contained in the Explanatory Memorandum.

2016 FINANCIAL REPORT

To receive the Financial Report of the Company for the year ended 30 June 2016 consisting of the Financial Statements and Notes, the Directors' Report, the Directors' Declaration and the Independent Audit Report.

The reports referred to above are included in the 2016 Breaker Resources NL Annual Report which has been released to ASX and may be viewed on the Company's website at www.breakerresources.com.au.

Short Explanation: Section 317 of the Corporations Act requires a listed company to lay before the shareholders at each annual general meeting the financial report, the directors' report and the auditor's report for the last financial year that ended before the annual general meeting. There is no associated resolution. A reasonable opportunity will be provided to Shareholders for discussion of the 2016 Financial Report at the AGM.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following **advisory only resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company's 2016 Annual Report be and is hereby adopted."

Short Explanation: Section 250R(2) of the Corporations Act requires a listed company to put to shareholders at each annual general meeting a resolution adopting the report on the remuneration of the company's directors, executives and senior managers included in the annual report. The above Resolution is being proposed to comply with this requirement. The vote on this Resolution is advisory and binds neither the Directors nor the Company. A reasonable opportunity will be provided to Shareholders for discussion of the Remuneration Report at the AGM.

Voting Prohibition Statement: The Company will, in accordance with the Corporations Act, disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of a member of the Key Management Personnel (**KMP**) details of whose remuneration are included in the Remuneration Report) or a Closely Related Party of such a member. However, a person (**the voter**) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on Resolution 1; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

RESOLUTION 2: RE-ELECTION OF MR MARK EDWARDS AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 6.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Mark Edwards, a director who retires by rotation, and being eligible, is re-elected as a director of the Company."

Short Explanation: Pursuant to the Constitution, one-third of the Directors of the Company (other than the managing director) must retire at each annual general meeting and, being eligible, may offer themselves for re-election at that annual general meeting.

RESOLUTION 3: RE-ADOPTION OF INCENTIVE OPTION SCHEME 2015

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Breaker Resources NL Incentive Option Scheme 2015 and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Memorandum."

ASX Voting Exclusion: In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 3 by any Director, except any Director who is ineligible to participate in any employee incentive scheme in relation to the Company, and any Associates of any such Director. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the KMP.

RESOLUTION 4: APPROVAL FOR ISSUE OF OPTIONS TO A RELATED PARTY – MR THOMAS SANDERS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) and section 208 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 3,000,000 Options to Mr Thomas Sanders (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the KMP; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the KMP.

RESOLUTION 5: APPROVAL FOR ISSUE OF OPTIONS TO A RELATED PARTY – MR MARK EDWARDS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) and section 208 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,250,000 Options to Mr Mark Edwards (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the KMP; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the KMP.

RESOLUTION 6: APPROVAL FOR ISSUE OF OPTIONS TO A RELATED PARTY – MR MICHAEL KITNEY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act 2001 (Cth) and ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,250,000 Options to Mr Michael Kitney (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the KMP; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the KMP.

RESOLUTION 7: APPROVAL FOR FUTURE ISSUE OF NEW AUSDRILL SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares that, when multiplied by the issue price, will equal up to \$500,000 to Ausdrill International Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Ausdrill International Pty Ltd and/or its nominee/s and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any Associates of any of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 8: RATIFICATION OF PRIOR ISSUE – SHARE PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 14,648,582 Shares on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 9: APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass, the following resolution as a **special resolution**:

“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board.



Michelle Simson
Company Secretary

Date: 18 October 2016

PROXIES

To vote by proxy, please complete and sign the enclosed Proxy Form and return no later than **8.30am WST on 26 November 2016** by:

- ✦ hand delivery to: Breaker Resources NL
12 Walker Avenue
WEST PERTH WA 6005; or
- ✦ post to: Breaker Resources NL
PO Box 244
WEST PERTH WA 6872; or
- ✦ facsimile to **(+61 8) 9226 3668**; or
- ✦ email to **breaker@breakerresources.com.au**.

A Shareholder entitled to attend and vote at the AGM has the right to appoint up to two (2) proxies. Where more than one (1) proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. A proxy may, but need not be, a Shareholder of the Company and may be an individual or a body corporate.

The instrument appointing the proxy must be in writing, executed by the appointer or their attorney duly authorised in writing or, if such appointer is a corporation, either under seal or under hand of an officer/s duly authorised.

The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, facsimile or email and reach the registered office of the Company at least 48 hours prior to the meeting. For the convenience of Shareholders a Proxy Form is enclosed.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- ✦ the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie. as directed); and
- ✦ if the proxy has two (2) or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- ✦ if the proxy is the chairman of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (ie. as directed); and
- ✦ if the proxy is not the chairman – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie. as directed).

Transfer of non-chairman proxy to chairman in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- ✦ an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members; and
- ✦ the appointed proxy is not the chairman of the meeting; and
- ✦ at the meeting, a poll is duly demanded on the resolution; and
- ✦ either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have determined that members holding Securities at **4.00pm WST on 26 November 2016** will be entitled to attend the AGM and vote in accordance with the number of Securities held at this time.

Each Shareholder shall be entitled to one (1) vote on a show of hands. In the case of a poll, the holders of Shares are entitled to one (1) vote for every one (1) Share held, and holders of Partly Paid Shares are entitled to a fraction of one (1) vote which is equivalent to the proportion which the amount paid bears to the total issue price (excluding any amounts paid up in advance of a call). An example is provided below:

Shareholding	Number	Calculation Basis	Attaching Votes
Number of Shares held	50,000	1:1	50,000
Number of Partly Paid Shares held	5,000	1:20 (paid up \$0.01 of \$0.20 issue price)	250
Total votes			50,250

CORPORATIONS

A corporation may elect to appoint a representative in accordance with section 250D of the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company before the meeting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the Shareholders of Breaker Resources NL (ACN 145 011 178) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia, on Monday, 28 November 2016 commencing at 8.30am WST.

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice. The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions. Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them as in the glossary contained in this Explanatory Memorandum.

At the AGM, Shareholders will be asked to consider the following Resolutions:

- ✦ adopting the Remuneration Report;
- ✦ re-electing Mr Mark Edwards as a Director, who retires by rotation in accordance with the Constitution;
- ✦ re-adopting the Breaker Resources NL Incentive Option Scheme 2015;
- ✦ approving the issue of Options to Directors (or their nominees);
- ✦ approving the future issue of Shares to Ausdrill International Pty Ltd (or its nominee).
- ✦ ratifying a Share placement; and
- ✦ approving an additional 10% placement capacity for Equity Securities in the 12 months following the date of the Meeting.

FINANCIAL AND OTHER REPORTS

As required by section 317 of the Corporations Act, the Financial Statements and Notes for the year ended 30 June 2016 and the accompanying Directors' Report, Directors' Declaration and Independent Audit Report will be laid before the meeting. Neither the Corporations Act nor the Constitution requires a vote on the reports however Shareholders will have an opportunity to ask questions about them at the AGM.

RESOLUTION 1: REMUNERATION REPORT

1.1 Introduction

As required by the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- ✦ information about the Board's policy for determining the nature and amount of remuneration of the Directors and senior executives of the Company;
- ✦ a description of the relationship between the Company's remuneration policy and the Company's performance;
- ✦ where applicable, a summary of performance conditions for each of the Directors and senior executives, including a summary of why they were chosen and how performance is measured against them; and
- ✦ remuneration details for each Director and for each of the specified executives.

The Remuneration Report, which is part of the Annual Report, has been sent to Shareholders who have made an election to receive the Annual Report. Copies of the Annual Report are available by contacting the Company's share registry or visiting the Company's website www.breakerresources.com.au.

1.2 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted be put to shareholders however such a resolution is advisory only and does not bind the company or its directors.

The remuneration report sets out the remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained within the annual financial report of the company for a financial year. The chairman of the meeting must allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the remuneration report at the annual general meeting.

1.3 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting. All of the directors of the company who were in office when the directors' report (as included in the company's annual report for the previous financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the Company is approved will be the directors of the Company.

1.4 Previous voting results

At the Company's previous annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for the AGM.

1.5 Voting exclusion

A voting exclusion statement is included in this Notice. In accordance with section 250R(4) of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on Resolution 1; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

Where appointed as an undirected proxy and authorised to do so, the Chair will cast available proxy votes in favour of Resolution 1. Shareholders may choose to direct the Chair (as proxy) to vote for or against Resolution 1 or to abstain from voting.

1.6 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

- ✦ *If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:*

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

- ✦ *If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):*

You do not need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you should be aware of the acknowledgement on the Proxy Form that expressly authorises the Chair to exercise his/her discretion in exercising your proxy, and that the Chair intends to cast undirected proxies in favour of the Resolution, even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

- ✦ *If you appoint any other person as your proxy:*

You do not need to direct your proxy how to vote on this Resolution.

RESOLUTION 2: RE-ELECTION OF MR MARK EDWARDS AS A DIRECTOR

2.1 Introduction

Clause 6.3 of the Constitution and ASX Listing Rule 14.4 both provide that no Director (except for the managing director) of the Company may hold office (without re-election) past the third annual general meeting following the Director's appointment or three (3) years, whichever period is longer. Clause 6.3 of the Constitution requires that one third ($\frac{1}{3}$) of the Directors must retire at each annual general meeting.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots. The Company currently has three (3) Directors and therefore one (1) must retire. A Director who retires by rotation under clause 6.3 of the Constitution is eligible for re-election. Accordingly, Mr Mark Edwards will retire by rotation and, being eligible, offers himself for re-election.

Resolution 2 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

2.2 Director's biography

Mr Mark Edwards was appointed as a non-executive director of the Company on 2 July 2010. He is a solicitor with over 25 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 projects in Australia and overseas, including significant nickel, gold and iron ore projects. Mark's 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.

Mark does not hold any directorships in other ASX-listed companies and is considered an independent director, as assessed against the criteria of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

2.3 Directors' recommendation

All of the Directors, except Mr Edwards, recommend that Shareholders vote in favour of Resolution 2.

Where appointed as an undirected proxy, the Chair will cast available proxy votes in favour of Resolution 2. Shareholders may choose to direct the Chair (as proxy) to vote for or against Resolution 2 or to abstain from voting.

RESOLUTION 3: RE-ADOPTION OF BREAKER RESOURCES NL INCENTIVE OPTION SCHEME 2015

3.1 General

Resolution 3 seeks Shareholders approval for the adoption of the employee incentive scheme titled Breaker Resources NL Incentive Option Scheme 2015 (**2015 Plan**). ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of three (3) years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue Options under the 2015 Plan to eligible participants over a period of three (3) years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

The 2015 Plan was adopted by shareholders at the 2015 annual general meeting however to enable the issue of options to Directors as contemplated by Resolutions 4, 5 and 6 of this Meeting, the ASX requires further information to be disclosed regarding the terms and conditions of the 2015 Plan and therefore the Company is seeking shareholder approval for the re-adoption of the 2015 Plan. A total of 200,000 Options have to date been issued under the 2015 Plan.

In addition, shareholders have previously approved the Employees Option Plan 2012 of Breaker Resources NL (**2012 Plan**) at the annual general meeting held on 20 November 2012. A total of 1,500,000 Options were issued under the 2012 Plan and as at the date of this Explanatory Memorandum, a total of 1,000,000 Options remain current and able to be exercised (expiry 31 December 2016).

A summary of the key terms and conditions of the 2015 Plan is set out in section 3.2 below. In addition, a copy of the 2015 Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the 2015 Plan can also be sent to Shareholders upon request to the Company Secretary by email to breaker@breakerresources.com.au. Shareholders are invited to contact the Company if they have any queries or concerns.

Resolution 3 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

3.2 Summary of the 2015 Plan

The material terms of the 2015 Plan can be summarised as follows:

- (a) Eligible participants
Means (a) a Director (whether executive or non-executive) of the Company, (b) a full or part time employee of the Company, (c) a casual employee or contractor of the Company to the extent permitted by ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order) (**Class Order**), or (d) a prospective participant, being a person to whom the Offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under clauses (a), (b) or (c), who is declared by the Board to be eligible to receive grants of Options under the 2015 Plan (**Eligible Participants**).
- (b) Purpose of the 2015 Plan
The purpose of the 2015 Plan is to provide an incentive to encourage participation by Eligible Participants in the Company through securities ownership and to attract, motivate and retain Eligible Participants.
- (c) Offer of Options
When an Eligible Participant satisfies specified criteria imposed by the Board (which may include performance criteria and specified periods of tenure) the Board may make a written offer (**Offer**) to the Eligible Participant of Options. The Offer will specify the number of Options being offered and the conditions that must be met by the Eligible Participant before the Options will vest. Subject to approval by the Board, an Eligible Participant is able to nominate an immediate family member, a company whose members comprise no persons other than the Eligible Participant or their immediate family members, or a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) where the Eligible Participant is a director of the trustee (**Nominee**) to be registered, upon issue, as the holder of the Options.
- (d) Number of Options offered
The number of Options that will be offered to an Eligible Participant pursuant to an Offer is entirely within the discretion of the Directors.
- (e) Exercise conditions
The Options will not be able to be exercised unless the exercise conditions imposed by the Board have been satisfied.
- (f) Exercise price
The exercise price of any Option offered to an Eligible Participant shall be at the absolute discretion of the Board. To the extent the Listing Rules specify or require a minimum price, the exercise price in respect of an Option offered under an Offer must not be less than any minimum price specified in the Listing Rules.
- (g) Cashless exercise of Options
Where the market price of a Share as recorded on ASX exceeds the exercise price of an Option at the time of exercise of the Options, the Company may decide in its absolute discretion that an Optionholder will not be required to provide payment of the exercise price of Options exercised or to be exercised but only if on exercise of the Options, the Optionholder elects that the Company instead allot and issue the number of Shares that are, on the exercise date, equal in value (with value determined in accordance with such market price on ASX on the date of exercise) to the difference between the market price, calculated on the date of exercise, of the Shares which would otherwise have been issued as a result of such exercise and the exercise price otherwise payable in relation to the Options so exercised (with the number of Shares rounded down).

- (h) Lapse of Options
Subject to the 2015 Plan, unexercised Options will lapse immediately and all rights in respect of that Option will be lost if, in respect of the Option:
- (i) the Eligible Participant ceases to be an Eligible Participant for any reason whatsoever (including without limitation resignation or termination for cause) and:
 - (A) any exercise conditions have not been met by the date the Eligible Participant ceases to be an Eligible Participant (**Ceasing Date**); or
 - (B) where any exercise conditions have been met by the Ceasing Date or the Option is not subject to any exercise conditions, the participant does not exercise the Option within a period of three (3) months after the Ceasing Date (or a further date as determined by the Board after the Ceasing Date);
 - (ii) any exercise conditions are unable to be met; or
 - (iii) the expiry date of the Options has passed,
- whichever is earlier.
- (i) Shares allotted upon exercise of Options
The Company will issue or transfer shares to the Eligible Participant (or Nominee) as soon as practicable after the exercise of any Options. The shares allotted under the 2015 Plan will be of the same class and will rank equally with Shares in the Company at the date of issue. The Company will seek listing of the new Shares on ASX within the time required by the Listing Rules.
- (j) Transfer of Options
Options will not be transferable except to the extent provided for by the 2015 Plan or unless the Offer provides otherwise.
- (k) Takeover
The Board may allow for the exercise of Options in a specified period and under certain conditions in the event of a takeover or change of control of the Company.
- (l) Bonus Issues, rights issues and capital reconstruction
In order to prevent a reduction of the number of Shares to which the Options relate in the event of bonus issues, rights issues or a capital reconstruction, there are provisions in the 2015 Plan rules which provide a method of adjustment of the number of Options or exercise price. Any adjustments will be made in accordance with the Listing Rules.
- (m) Participation in new issues
There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new shares of capital offered to Shareholders during the currency of the Options. In addition, holders of the Options will not be entitled to vote or receive dividends as a result of their holding of Options.

3.3 Voting exclusions

A voting exclusion statement is included in this Notice. In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 3 by:

- (a) any Director (except any Director who is ineligible to participate in any employee incentive scheme in relation to the Company); or
- (b) any Associates of any such Director.

However, the Company will not disregard a vote on Resolution 3 if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (d) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with section 250BD(1) of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 3 if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on Resolution 3.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Where appointed as an undirected proxy and authorised to do so, the Chair will cast available proxy votes in favour of Resolution 3. Shareholders may choose to direct the Chair (as proxy) to vote for or against Resolution 3 or to abstain from voting.

RESOLUTIONS 4-6: APPROVAL FOR ISSUE OF OPTIONS TO RELATED PARTIES

4.1 Introduction

The Company intends, subject to obtaining Shareholder approval, to issue a total of 5,500,000 Options (**Director Options**) to Messrs Thomas Sanders, Mark Edwards and Michael Kitney (**Related Parties**) or their nominees in the proportions and on the terms and conditions set out below.

The Director Options are intended to form a component of the remuneration of the Related Parties in order to keep cash payments to a minimum and to provide incentives linked to the performance of the Company. Given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered that the performance of the Directors and the performance and value of the Company are closely related. As such, the Director Options proposed to be granted will only generally be of benefit if the Directors perform to a level whereby the value of the Company increases sufficient to warrant exercising the Director Options.

4.2 Background to Requirement for Shareholder Approval

For a public company, or an entity that a public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Director Options constitutes a financial benefit and Messrs Sanders, Edwards and Kitney are related parties by virtue of being Directors of the Company. Notwithstanding the potential for the benefit being provided being seen as reasonable in the circumstances and reflecting arms' length terms (and therefore subject to one of the Corporations Act exceptions), the Board has taken the view that it is prudent to seek Shareholder approval for the issue of the Director Options pursuant to section 208 of the Corporations Act.

Section 195 of the Corporations Act essentially provides that the director of a public company may not vote or be present during a meeting of directors when matters in which the director holds a material personal interest are being considered. Messrs Sanders, Edwards and Kitney have a material personal interest in the outcomes of Resolutions 4, 5 and 6.

In the absence of shareholder approval under section 195 of the Corporations Act, the Directors may not be able to form a quorum at the director meeting necessary to carry out the terms of Resolutions 4, 5 and 6. Accordingly, the Directors have exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to decide.

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Director Options to the Related Parties or their nominees as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the grant of the Director Options to the Related Parties or their nominees will not be included in the 15% calculation of the Company's 12 month capacity to issue Shares or other securities without shareholder approval pursuant to ASX Listing Rule 7.1.

4.3 Technical information required by section 219 of the Corporations Act and ASX Listing Rule 10.14

In accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of Director Options:

- (a) The related parties are Messrs Sanders, Edwards and Kitney and they are each related parties by virtue of being Directors of the Company. If any Director Options are to be granted to a nominee of a Related Party then such nominee will be a related party by virtue of being an entity controlled by that Related Party.
- (b) The maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to each of the Related Parties is:
 - (i) 3,000,000 Options to Mr Sanders or nominee;
 - (ii) 1,250,000 Options to Mr Edwards or nominee; and
 - (iii) 1,250,000 Options to Mr Kitney or nominee.
- (c) The Director Options will be granted to the Related Parties no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated all Director Options will be granted on one date.
- (d) The Director Options will be granted for nil cash consideration. Accordingly, no funds will be raised by their grant however funds will be raised in the future to the extent the Director Options are exercised. Relevantly, the exercise price of the Director Options is the price that is the volume weighted average price of Shares (**VWAP**) calculated over the 10 trading days on which trades were recorded on the ASX preceding the date of grant plus a 17.5% premium. On the assumption that the Director Options were issued on the date of this Notice of Meeting, the exercise price of the Director Options would have been \$0.69 (based on the 10 day VWAP of the Shares up to and including 17 October 2016 plus a 17.5% premium) and a total of up to \$3,795,000 in funds would be raised by the Company upon exercise of the Director Options.
- (e) The terms and conditions of the Director Options are set out in Schedule 1. The Director Options will be issued under the Company's Incentive Option Scheme 2015 (refer to Resolution 3; **2015 Plan**) and will be subject to the 2015 Plan rules. If however there is any inconsistency between the terms of the Director Options as set out in Schedule 1 and the 2015 Plan, the terms as set out in Schedule 1 will prevail to the extent of the inconsistency.

- (f) No Director Options have previously been issued under the 2015 Plan.
- (g) All Directors are entitled to participate in the 2015 Plan. Accordingly approval is being sought for the issue of Director Options to Messrs Sanders, Edwards and Kitney.
- (h) The relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares	Partly Paid Shares	Options
Mr Thomas Sanders	20,989,230	1,309,871	Nil
Mr Mark Edwards	1,636,108	65,000	Nil
Mr Michael Kitney	1,468,544	58,125	Nil

- (i) The total remuneration from the Company to each of the Related Parties and the total financial benefit to be received by them as a result of the grant of the Director Options the subject of Resolutions 4, 5 and 6 is as follows:

Related Party	Salary & Fees (including superannuation)	Other Benefits	Value of Director Options	Total
Mr Thomas Sanders				
✦ 2016 (Actual)	220,104	-	-	220,104
✦ 2017 (Proposed)	220,104	-	1,025,130	1,245,234
Mr Mark Edwards				
✦ 2016 (Actual)	32,000	-	-	32,000
✦ 2017 (Proposed)	32,000	-	427,137	459,137
Mr Michael Kitney				
✦ 2016 (Actual)	32,000	-	-	32,000
✦ 2017 (Proposed)	32,000	-	427,137	459,137

The indicative option valuation has been determined using the Black Scholes Option Pricing Model and the valuation inputs and methodology are set out in Schedule 2.

- (j) If all Director Options granted to the Related Parties are exercised, a total of up to 5,500,000 Shares would be issued and proceeds received by the Company based on the exercise price mentioned above. This will increase the number of Shares on issue from 126,314,180 to up to 131,814,180 (assuming that no other Shares are issued in the meantime) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of up to 4.17%, comprising approximately 2.32% by the exercise of the Director Options granted to Mr Sanders or his nominee and approximately 0.98% by virtue of the exercise of the Director Options to Mr Edwards or Mr Kitney or nominee. Shareholders should be aware that the Director Options are subject to a cashless exercise which may result in a lesser number of Shares being issued as a result of the exercise of the Director Options.
- (k) The market price for Shares traded on the ASX during the term of the Director Options would normally determine whether or not the Director Options are exercised. If at the time that any of the Director Options are exercised, the Shares are trading on the ASX at a price that is higher than the exercise price of the Director Options, there may be a notional or actual cost to the Company, including by way of opportunity cost, being the loss of the opportunity to issue the resultant Shares at an issue price which is equal to, or close to, the then market price of the Shares.

- (l) Some details of the trading history of the Shares on ASX in the 12 months before the date of this Notice are set out below:

	Price	Date
Highest	\$0.725	29 September 2016
Lowest	\$0.0617	20 October 2015
Last	\$0.625	17 October 2016

- (m) The Board acknowledges that the grant of Director Options to those Related Parties who are non-executive Directors is contrary to Recommendation 8.2 of the Corporate Governance Principles and Recommendations (Third Edition) as published by the ASX Corporate Governance Council. The Board however considers the grant of the Director Options to non-executive Directors as being reasonable in the circumstances having regard to the size and level of operations of the Company and the importance of attracting and retaining non-executive Directors in a manner which does not unduly impact on cash reserves.
- (n) The primary purpose of the grant of the Director Options to the Related Parties is to provide a performance linked incentive component in the overall remuneration package for each of the Related Parties to motivate and reward the performance of the Related Party in their respective roles as Directors and to assist the Company in retaining their services and expertise in a manner which does not unduly impact on the cash reserves of the Company.
- (o) Mr Sanders does not wish to make a recommendation to Shareholders in relation to the outcome of Resolution 4 due to his having a material personal interest in the outcome of the Resolution on the basis that he or his nominee is to be granted Director Options in the Company should that Resolution be passed. In respect of Resolutions 5 and 6 however, he recommends that Shareholders vote in favour of each of these Resolutions for the following reasons:
- (i) the grant of the Director Options to the Related Parties will align interests of the relevant Related Parties with those of Shareholders and provide meaningful incentive to those Related Parties to work towards the Company becoming commercially successful; and
 - (ii) having regard to the size and level of operations of the Company, its cash reserves and the importance of the Company attracting and retaining experienced and qualified Directors, the grant of the Director Options is a reasonable and appropriate method to provide cost effective supplementary remuneration to those Related Parties thereby allowing the Company to spend a greater proportion of its cash reserves on its exploration activities.
- (p) Mr Edwards does not wish to make a recommendation to Shareholders in relation to the outcome of Resolution 5 due to his having a material personal interest in the outcome of the Resolution on the basis that he or his nominee is to be granted Director Options in the Company should that Resolution be passed. In respect of Resolutions 4 and 6 however, he recommends that Shareholders vote in favour of each of these Resolutions for the reasons set out in paragraph (o)(i) and (ii) above.
- (q) Mr Kitney does not wish to make a recommendation to Shareholders in relation to the outcome of Resolution 6 due to his having a material personal interest in the outcome of the Resolution on the basis that he or his nominee is to be granted Director Options in the Company should that Resolution be passed. In respect of Resolutions 4 and 5 however, he recommends that Shareholders vote in favour of each of these Resolutions for the reasons set out in paragraph (o)(i) and (ii) above.
- (r) Except as specified above, no Director has a personal interest or other interest in the outcome of Resolutions 4, 5 and 6.

- (s) In forming their various recommendations, each Director considered the qualifications and experience of each other Related Party, the current market price of the Shares and the current market practices when determining the number of Director Options to be granted as well as the exercise price, expiry date and other material terms of those Director Options.
- (t) The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass Resolutions 4, 5 or 6.

4.4 Voting exclusion

A voting exclusion statement is included in this Notice.

RESOLUTION 7: APPROVAL OF FUTURE SHARE ISSUE OF NEW AUSDRILL SHARES

5.1 General

The Company has the ability, through an agreement with Ausdrill Limited (**Ausdrill**), to elect to issue equity to Ausdrill or their nominee in part consideration for drilling services undertaken by that company at Breaker's exploration projects.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any Equity Securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period. Any issue of Shares to Ausdrill, unless subsequently ratified or pre-approved by Shareholders, will utilise this capacity. With the view to maximising the Company's ability to raise funds to enable an aggressive exploration program to continue, the Directors believe it is prudent to seek shareholder approval for the future issue of Shares to Ausdrill (**New Ausdrill Shares**).

Resolution 7 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

5.2 Technical information required by ASX

Pursuant to and in accordance with ASX Listing Rule 7.3, the information below is provided in relation to this Resolution 7:

- (a) Maximum number of securities
The maximum number of New Ausdrill Shares to be issued for which prior approval is being received, is up to that number of Shares which, when multiplied by the issue price, equals \$500,000.
- (b) Date of issue
It is anticipated that, subject to Shareholder approval being received, the New Ausdrill Shares will be issued progressively. Given the ongoing nature of the arrangement with Ausdrill, the Company intends to seek an ASX waiver to enable the New Ausdrill Shares to be issued later than three (3) months after the Meeting.
- (c) Issue price
As per the terms of the agreement with Ausdrill, the deemed issue price of the New Ausdrill Shares will be the VWAP calculated over the five (5) days on which sales in the Shares are recorded before the day on which the Company elects to pay any invoice received from Ausdrill for drilling services via a mixture of cash and equity.
- (d) Allottees
The New Ausdrill Shares will be issued to Ausdrill International Pty Ltd (a nominee of Ausdrill). Neither Ausdrill nor Ausdrill International Pty Ltd is a related party of the Company.

- (e) Terms of the securities
 The New Ausdrill Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) Use of funds
 The New Ausdrill Shares will be issued in part consideration for drilling services conducted at the Company's exploration projects. As such, no funds will be raised.
- (g) Voting exclusion statement
 A voting exclusion statement is included in this Notice.

5.3 Dilution

The VWAP on the five (5) days on which sales in Shares were recorded before 17 October 2016 was \$0.605. Accordingly, set out below is a worked example of the number of Shares that may be issued under Resolution 7 based on an assumed issue price of \$0.605, \$0.50 and \$0.75.

Assumed issue price	Maximum number of Shares which the Company could issue (rounded up to the nearest whole number) pursuant to Resolution 7	Current Shares on issue as at the date of this Notice	Increase in the number of Shares on issue assuming the Company issued the maximum amount pursuant to Resolution 7	Dilution effect on existing Shareholders
\$0.605	826,446	126,314,180	127,140,626	0.650%
\$0.50	1,000,000	126,314,180	127,314,180	0.785%
\$0.75	666,667	126,314,180	126,980,847	0.525%

Assuming no Options are exercised or other Shares issued and the maximum number of Shares as set out in the worked example above are issued, the number of Shares on issue would increase from 126,314,180 (being the number of Shares on issue as at the date of this Notice) to 127,314,180 and the shareholding of existing Shareholders would be diluted by 0.785%.

The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

5.4 Directors' recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 7.

Where appointed as an undirected proxy, the Chair will cast available proxy votes in favour of Resolution 7. Shareholders may choose to direct the Chair (as proxy) to vote for or against Resolution 7 or to abstain from voting.

RESOLUTION 8: RATIFICATION OF PRIOR ISSUE – SHARE PLACEMENT

6.1 General

On 6 October 2016 the Company issued a total of 24,800,000 Shares at an issue price of \$0.50 per Share (a 10% discount to the five-day VWAP of \$0.55 leading up to the issue) to institutional and sophisticated investors. A total of \$12,400,000 was raised pursuant to this Share placement.

The Shares were issued out of the Company's available capacity under ASX Listing Rules 7.1 and 7.1A. Resolution 8 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the 14,648,582 Shares that were issued under the Company's available capacity under ASX Listing Rule 7.1 (**Ratification**).

A summary of ASX Listing Rule 7.1 is set out in section 5.1 above. ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Resolution 8 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

6.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the information below is provided in relation to the Ratification:

- (a) Maximum number of shares
The maximum number of Shares issued was 14,648,582 Shares.
- (b) Date of issue
The Shares were issued on 6 October 2016.
- (c) Issue price
The issue price of the Shares was \$0.50 per Share.
- (d) Allottees
The Shares were issued to institutional and sophisticated investors, none of whom are related parties of the Company.
- (e) Terms of the shares
The Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) Use of funds
The Company intends to use the funds raised from the issue of the Shares the subject of this Resolution to undertake resource definition drilling and other exploratory drilling at the Company's Lake Roe project and for general working capital purposes.
- (g) Voting exclusion statement
A voting exclusion statement is included in this Notice.

6.3 Directors' recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 8.

Where appointed as an undirected proxy, the Chair will cast available proxy votes in favour of Resolution 8. Shareholders may choose to direct the Chair (as proxy) to vote for or against Resolution 8 or to abstain from voting.

RESOLUTION 9: APPROVAL OF 10% PLACEMENT CAPACITY

7.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**). The Company is an Eligible Entity.

If Shareholders approve Resolution 9, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 7.2 below). The effect of Resolution 9 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under ASX Listing Rule 7.1.

Resolution 9 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the AGM must be in favour of Resolution 9 for it to be passed.

7.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An **Eligible Entity** is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$78.9million (based on the Company's closing price of Shares of \$0.625 on 17 October 2016).

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has two (2) classes of quoted Equity Securities on issue, being the Shares and Partly Paid Shares (ASX Codes: BRB and BRBCA respectively).

The exact number of Equity Securities that the Company may issue with an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
 - (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of Partly Paid Shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of Shareholders under ASX Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without Shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rules 7.1 or 7.4.

7.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 9:

- (a) Minimum price
 The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within five (5) ASX trading days of the date in Section 7.3(a)(i), the date on which the Equity Securities are issued.
- (b) Date of issue
 The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of:
- (i) 12 months after the date of the Meeting; and
 - (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under ASX Listing Rule 7.1A ceases to be valid),
(10% Placement Capacity Period).
- (c) Risk of voting dilution
 Any issue of Shares under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue. If Resolution 9 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares (rounded to a whole number of cents) and the current number of Shares on issue as at the date of this Notice. The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue		Dilution		
		\$0.31 50% decrease in issue price	\$0.62 issue price	\$1.24 100% increase in issue price
126,314,180 (Variable A*)	10% voting dilution - Shares issued	12,631,418 Shares	12,631,418 Shares	12,631,418 Shares
	Funds raised	\$3,915,739	\$7,831,479	\$15,662,958
189,471,270 (50% increase in Variable A*)	10% voting dilution - Shares issued	18,947,127 Shares	18,947,127 Shares	18,947,127 Shares
	Funds raised	\$5,873,609	\$11,747,248	\$23,494,437
252,628,360 (100% increase in Variable A*)	10% voting dilution - Shares issued	25,262,836 Shares	25,262,836 Shares	25,262,836 Shares
	Funds raised	\$7,831,479	\$15,662,958	\$31,325,916

* Variable A represents the current number of Shares on issue. Variable A could increase as a result of the issue of Shares that do not require Shareholder approval, the issue of Shares with Shareholder approval under ASX Listing Rule 7.1, or the exercise of Options or conversion of Partly Paid Shares to Shares.

The table above uses the following assumptions:

- (i) The Company currently has 126,314,180 Shares on issue.
- (ii) The issue price set out above is based on the ASX closing price of the Shares on 17 October 2016 of \$0.625, rounded to the closest whole number of cents.

- (iii) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- (v) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes Partly Paid Shares or quoted Options, it is assumed that those Partly Paid Shares or quoted Options are converted or exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vi) The calculations above do not show the dilution that any one particular Shareholder will be subject to as at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (vii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (viii) The table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower or higher on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's Dexter, Duketon North, Lake Roe and Ularring Rock projects (funds would then be used for exploration activities and project administration) and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments; in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

The purpose of seeking the 10% Placement Capacity is to enable the Company the flexibility to issue Equity Securities in addition to the 15% placement capacity afforded to the Company under ASX Listing Rule 7.1, should the Board identify a need and opportunity to do so. The Directors are not currently aware of any matters which would require a change to the Company's current corporate and strategic objectives.

The Company's exploration activities on its Dexter, Duketon North, Lake Roe and Ularring Rock projects are detailed in the Annual Report as supplemented by ongoing updates to the ASX, particularly in relation to the Lake Roe project. If the Company raises funds under the 10% Placement Capacity for the purpose of applying those funds towards further exploration expenditure on its projects, it will release details of the use of funds to ASX.

(e) Allocation under the 10% Placement Capacity

The allottees of any Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be a related party of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the allottees under the 10% Placement Capacity will be the vendors of the new resources, assets or investments.

(f) **Previous Approvals under ASX Listing Rule 7.1A**

The Company has previously obtained approval under ASX Listing Rule 7.1A at its annual general meeting on 18 November 2015 (**Previous Approval**). The Company has issued 10,151,418 Shares pursuant to the Previous Approval.

Details of Equity Securities issued during the 12 months preceding the date of the Meeting are provided overleaf on pages 26 and 27.

The issue of these securities represents 44.18% of the total number of Equity Securities on issue at the commencement of the 12 month period (being 18 November 2015), which was 97,606,381 on a fully diluted basis.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

If the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- (ii) the information required by ASX Listing Rule 3.10.5A for release to the market.

7.4 Directors' recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 9.

Where appointed as an undirected proxy, the Chair will cast available proxy votes in favour of Resolution 9. Shareholders may choose to direct the Chair (as proxy) to vote for or against Resolution 9 or to abstain from voting.

7.5 Voting exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 9.

Date of Issue	4 March 2016	31 March 2016	6 April 2016	5 May 2016	31 May 2016	31 May 2016	2 June 2016	2 June 2016	13 June 2016
Number Issued	315,670	1,250	444,920	3,461,503	8,353,901	500,000	3,076,923	69,232	384,616
Class of Equity Securities issued and terms	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares	Unlisted options exercisable at \$0.40 on or before 30 June 2019	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares
Names of allottees or basis for allotment	Ausdrill International Pty Ltd in part consideration for drilling services	Conversion of partly paid ordinary shares to fully paid ordinary shares	Ausdrill International Pty Ltd in part consideration for drilling services	Placement to sophisticated and professional investors	Shareholders issued new securities under a share purchase plan	Consultant as per agreement dated 18 May 2016	Placement to sophisticated and professional investors	Shareholders issued new securities under a share purchase plan	Placement to related party – Thomas Sanders
Equity Securities' price of issue and discount to market	\$0.291; nil discount (5-day VWAP)	n/a	\$0.262; nil discount (5-day VWAP)	\$0.13; 19% discount to 5-day VWAP at capital raising announcement	\$0.13; 19% discount to 5-day VWAP at capital raising announcement	n/a	\$0.13; 19% discount to 5-day VWAP at capital raising announcement	\$0.13; 19% discount to 5-day VWAP at capital raising announcement	\$0.13; 19% discount to 5-day VWAP at capital raising announcement
Total cash consideration and use of funds	n/a	\$237.50; used for general working capital purposes	n/a	\$449,995; used for exploration drilling at Lake Roe and Duketon North Projects and general working capital purposes	\$1,086,000; used for exploration drilling at Lake Roe and Duketon North Projects and general working capital purposes	n/a	\$400,000; used for exploration drilling at Lake Roe and Duketon North Projects and general working capital purposes	\$9,000; used for exploration drilling at Lake Roe and Duketon North Projects and general working capital purposes	\$50,000; used for exploration drilling at Lake Roe and Duketon North Projects and general working capital purposes
Total non-cash consideration and value	\$197,293 (based on the closing price of Shares on 17 October 2016)	n/a	\$278,075 (based on the closing price of Shares on 17 October 2016)	n/a	n/a	\$209,348 (based on a Black Scholes valuation on 17 October 2016)	n/a	n/a	n/a

Date of Issue	15 June 2016	8 August 2016	6 September 2016	19 September 2016	20 September 2016	21 September 2016	29 September 2016	30 September 2016	6 October 2016	6 October 2016
Number Issued	769,231	350,000	398,426	200,000	1,138,375	6,250	20,000	5,000	14,648,582	10,151,418
Class of Equity Securities issued and terms	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares	Unlisted options exercisable at \$0.62 on or before 31 December 2019	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares
Names of allottees or basis for allotment	Placement to related party as sub-underwriter to share purchase plan – Thomas Sanders	Ausdrill International Pty Ltd in part consideration for drilling services	Ausdrill International Pty Ltd in part consideration for drilling services	Employee options under the Incentive Option Scheme	Conversion of partly paid ordinary shares to fully paid ordinary shares	Conversion of partly paid ordinary shares to fully paid ordinary shares	Conversion of partly paid ordinary shares to fully paid ordinary shares	Conversion of partly paid ordinary shares to fully paid ordinary shares	Placement to sophisticated and professional investors	Placement to sophisticated and professional investors
Equity Securities' price of issue and discount to market	\$0.13; 19% discount to 5-day VWAP at capital raising announcement	\$0.225; nil discount (5-day VWAP)	\$0.207; nil discount (5-day VWAP)	n/a	n/a	n/a	n/a	n/a	\$0.50 (10% discount to 5-day VWAP)	\$0.50 (10% discount to 5-day VWAP)
Total cash consideration and use of funds	\$100,000; used for exploration drilling at Lake Roe and Duketon North Projects and general working capital purposes	n/a	n/a	n/a	\$216,291.25; used for general working capital purposes	\$1,187.50; used for general working capital purposes	\$3,800; used for general working capital purposes	\$950; used for general working capital purposes	\$7,324,291; to be used for exploration drilling at Lake Roe Project	\$5,075,709 to be used for exploration drilling at Lake Roe Project
Total non-cash consideration and value	n/a	\$218,750 (based on the closing price of Shares on 17 October 2016)	\$249,016 (based on the closing price of Shares on 17 October 2016)	\$74,420 (based on a Black Scholes valuation on 17 October 2016)	n/a	n/a	n/a	n/a	n/a	n/a

GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

\$	means Australian dollars.
10% Placement Capacity	is defined in Section 7.1.
10% Placement Capacity Period	is defined in Section 7.3(b).
2012 Plan	means the Employees Options Plan 2012 of Breaker Resources NL.
2015 Plan	means the Company's Incentive Option Scheme 2015.
Annual General Meeting or AGM	means the Company's Annual General Meeting for the financial year ended 30 June 2016.
Annual Report	means the directors' report, the annual financial report and auditors' report in respect of the financial year ended 30 June 2016.
Associate	has the same meaning as defined in section 11 and sections 13 to 17 of the Corporations Act.
ASX	means ASX Ltd (ACN 008 624 691) and, where context requires, the Australian Securities Exchange operated by ASX Ltd.
Ausdrill	means Ausdrill Limited (ACN 009 211 474) and, where the context requires, Ausdrill International Pty Ltd (ACN 069 769 811).
Board	means the board of Directors of the Company.
Ceasing Date	is defined in Section 3.2(h).
Chair	means the chairman of the Meeting.
Class Order	is defined in Section 3.2(a).
Closely Related Party	has the same meaning as defined in section 9 of the Corporations Act.
Company	means Breaker Resources NL (ACN 145 011 178).
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Director Options	is defined in Section 4.1
Eligible Entity	is defined in Section 7.2.
Eligible Participants	is defined in Section 3.2(a).
Equity Securities	bears the meaning given to that term in the Listing Rules and includes a share, a right to a share or option, an option, a convertible security and any security that ASX decides to classify as an Equity Security.
Explanatory Memorandum	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained within the Notice.

Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the company, or if the company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the company, or if the company is part of a consolidated entity, of an entity within the consolidated group.
Listing Rules	means the listing rules of ASX.
Meeting	means the Annual General Meeting.
New Ausdrill Shares	is defined in section 5.1.
Nominee	is defined in Section 3.2(c).
Notice or Notice of Meeting	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
Offer	Is defined in section 3.2(c).
Option	means an option to acquire a Share.
Optionholder	means the holder of an Option.
Partly Paid Share	means a partly paid ordinary share in the capital of the Company.
Previous Approvals	is defined in Section 7.3(f).
Proxy Form	means the proxy form attached to this Notice.
Ratification	is defined in Section 6.1.
Related Parties	is defined in Section 4.1.
Remuneration Report	means the remuneration report of the Company outlined in the Annual Report.
Resolution	means a resolution contained in the Notice.
Securities	means a fully paid ordinary share or partly paid share in the capital of the Company.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a Share or Partly Paid Share.
Spill Meeting	is defined in Section 1.3.
Spill Resolution	is defined in Section 1.3.
Variable A	means "A" as set out in the calculation in Section 7.3(c) of this Notice.
VWAP	means the volume weighted average price of Shares as traded on the ASX.
WST	means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1

The Director Options entitle the holder to subscribe for fully paid ordinary shares in the capital of Breaker Resources NL (**Company**) on the following terms and conditions:

- (a) Each Director Option gives the holder of the Director Options (**Optionholder**) the right to subscribe for one (1) Share.
- (b) Each Director Option will expire at 5.00pm (WST) on 31 December 2019 (**Expiry Date**). A Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. Director Options will lapse immediately and all rights in respect of the Director Options will be lost if the Relevant Person in relation to the Optionholder ceases to be an Eligible Participant and the Director Options are not exercised within a period of three (3) months after the Relevant Person ceasing to an Eligible Participant (or a further date as determined by the Board) (**Ceasing Date**).
- (c) Subject to these terms and conditions and those of the 2015 Plan, the amount payable upon exercise of each Director Option will be 117.5% of the VWAP (volume weighted average price of trading on ASX in fully paid ordinary shares in the capital of the Company) calculated over the 10 trading days on which trades were recorded on ASX preceding the date of the grant of the Director Option (**Exercise Price**).
- (d) The Director Options are issued pursuant to, and will be subject to, the rules of the Company's 2015 Plan. Terms defined in the 2015 Plan will bear the same meaning where used in these terms and conditions, unless the context otherwise requires.
- (e) As provided for the in the 2015 Plan, the Director Options are not transferrable or assignable.
- (f) Should there be any inconsistency between the terms and conditions in this Schedule 1 and the rules of the 2015 Plan then the terms and conditions in this Schedule 1 will prevail to the extent of the inconsistency.
- (g) The Director Options held by each Optionholder may be exercised in whole or in part.
- (h) An Optionholder may exercise their Director Options by lodging with the Company, any time after issue and before 5.00pm (WST) on the Expiry Date or Ceasing Date (whichever is the earlier):
 - (i) an "Option Certificate" or "Holding Statement" or similar in relation to the Director Options;
 - (ii) a written notice of exercise of Director Options specifying the number of Director Options being exercised; and
 - (iii) subject to paragraph (o) a cheque or electronic funds transfer for the Exercise Price multiplied by the number of Director Options being exercised;(**Exercise Notice**).
- (i) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will, subject to the Listing Rules (if relevant), issue to the Optionholder the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.
- (j) All Shares issued upon the exercise of Options will upon issue rank pari passu in all respects with other Shares.
- (k) The Company will not apply for quotation of the Director Options on ASX however the Company will apply for quotation of all Shares issued pursuant to the exercise of Director Options on ASX within 10 Business Days after the date of issue of those Shares.

- (l) There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Director Options without exercising the Director Options.
- (m) Optionholders have the right to exercise their Director Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Director Options, and will be granted a period of at least six (6) business days before books closing date to exercise the Director Options.
- (n) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Director Options will be re-organised as required by the Listing Rules or the Corporations Act, but in all other respects the terms of exercise will remain unchanged.
- (o) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Director Options, the exercise price of the Director Options will be adjusted in accordance with the formula set out in the Listing Rules.
- (p) In the event the Company proceeds with a bonus issue of securities to the holders of Shares after the date of issue of the Director Options, the number of Shares issued on exercise of each Director Option will include the number of bonus Shares that would have been issued if the Director Option had been exercised prior to the record date for the bonus issue.
- (q) Where the market price of a Share as recorded on ASX exceeds the Exercise Price of a Director Option at the time of exercise of the Director Options, the Company may decide in its absolute discretion that an Optionholder will not be required to provide payment of the Exercise Price of Director Options exercised or to be exercised but only if on exercise of the Director Options, the Optionholder elects that the Company instead allot and issue the number of Shares that are, on the exercise date, equal in value (with value determined in accordance with such market price on ASX on the date of exercise) to the difference between the market price, calculated on the date of exercise, of the Shares which would otherwise have been issued as a result of such exercise and the Exercise Price otherwise payable in relation to the Director Options so exercised (with the number of Shares rounded down).

SCHEDULE 2

The Company has valued the Director Options using the Black Scholes Option Pricing Model (**Model**). The value of an option calculated by the Model is a function of a number of variables. The valuation of the Director Options has been prepared using the following assumptions:

Variable	Input
Share price ¹	\$0.625
Exercise price ²	\$0.690
Time (years to expiry)	3.08 years
Risk free interest rate ³	1.75%
Volatility ⁴	89.24%

Notes:

- ¹ The underlying value of each Share is based on the ASX closing price on the last trading day before the date of this Notice of Meeting being \$0.625.
- ² The exercise price of each Director Option is calculated on the assumption that the Director Options were issued on the date of this Notice of Meeting and therefore the exercise price would have been \$0.690 (based on the 10- day VWAP of the Shares up to and including 17 October 2016 plus a 17.5% premium).
- ³ Risk free interest rate is that derived from the zero coupon yield from Australian government bonds as at 17 October 2016 with the closest similar term to that of the Director Options.
- ⁴ Volatility of the Share price is determined from the historic volatility of the market price of the Shares and the mean reversion tendency of volatilities.

Based on the assumptions, it is considered that the estimated average value of the Director Options to be \$0.3417 per Director Option. No adjustment has been made to the fair value of the Director Options for potential dilution.

Any change in the variables applied in the Model calculation between the date of the valuation and the date that the Director Options are issued will have an impact on their value.

Lodge your vote by:**Mail:**

Breaker Resources NL
PO Box 244
West Perth WA 6872

**Hand:**

12 Walker Avenue
West Perth WA 6005

**Facsimile:** (+61 8) 9226 3668**Email:** breaker

@breakerresources.com.au

Proxy Form

For all enquiries call: (+61 8) 9226 3666

Instructions

1. Every Shareholder has the right to appoint some other person or company of their choice, who need not be a Shareholder, to attend and act on their behalf at the Meeting. If you wish to appoint a person or company other than the Chair, please insert the name of your proxyholder(s) in the space provided (see reverse).
2. If the Securities are registered in the name of more than one (1) owner (for example, joint ownership, trustees, executors, etc.), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this Proxy Form with signing capacity stated.
3. This Proxy Form should be signed in the exact manner as the name that appears on the proxy.
4. If a Shareholder appoints two (2) proxies, each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half ($\frac{1}{2}$) of the Shareholder's voting rights. Fractions shall be disregarded.
5. Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended whilst the Shareholder is present at the Meeting.
6. To be effective, proxies must be delivered prior to 8.30am WST on 26 November 2016 by:
 - mail to: PO Box 244, West Perth WA 6872;
 - hand to: 12 Walker Avenue, West Perth WA 6005;
 - facsimile to: (+61 8) 9226 3668; or
 - email to: breaker@breakerresources.com.au
7. For the purposes of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) the Company has determined that Shareholders holding Securities at 4.00pm WST on 26 November 2016 will be entitled to attend and vote at the Meeting.
8. The Chair intends to vote undirected proxies in favour of all Resolutions set out in the Notice of Meeting.
9. This proxy confers discretionary authority in respect of amendments to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting.
10. This proxy should be read in conjunction with the accompanying documentation provided by the Company.
11. The Securities represented by this proxy will be voted or withheld from voting in accordance with the Shareholders' instructions on any poll that may be called for, and if the Shareholder has specified a choice in respect of any matter to be acted upon, the Securities will be voted accordingly.

Please turn over to complete the form →



Details of shareholdings are available via the **ADVANCED SHARE REGISTRY** website:

www.advancedshare.com.au

- Check all holdings by using HIN/SRN
- Update your holding details
- Reprint various documents online

Change of address. If incorrect, please mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes to their details.


Form of Proxy

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

 **PLEASE NOTE:** This proxy is solicited on behalf of the management of Breaker Resources NL ACN: 145 011 178 for use at the Annual General Meeting of the Shareholders of the Company to be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 on 28 November 2016 at 8.30am WST or any adjournment thereof.

I/We being a member/s of Breaker Resources NL hereby appoint:

 **PLEASE NOTE:** If you leave this section blank, the Chair will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) is named, the chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions at the Meeting and at any adjournment of that Meeting.


If you have not appointed the Chair as your proxy and you are appointing a second proxy please complete the following:
 Proxy 1 is appointed to represent _____% of my voting right and Proxy 2 is appointed to represent _____% of my voting right.
 My total voting right is _____ Shares and _____ Partly Paid Shares.

 **PLEASE NOTE:** If the appointment does not specify the proportion of votes that the proxy may exercise, each proxy may exercise half (½) the votes.

Where I/we have appointed the Chair as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 3, 4, 5 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 3, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chair.

With respect to any amendment or variations to the matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting, I/we confer discretionary authority on the person voting on behalf of me/us to vote as that person sees fit. At the time of printing this Proxy Form, management knows of no such amendment, variation or other matter.

STEP 2 Items of Business

 **PLEASE NOTE:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on that Resolution.

If you wish to indicate how your proxy is to vote, please mark the appropriate places below.

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Mr Mark Edwards as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re-adoption of Incentive Option Scheme 2015	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval for Issue of Options to a Related Party – Mr Thomas Sanders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval for Issue of Options to a Related Party – Mr Mark Edwards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval for Issue of Options to a Related Party – Mr Michael Kitney	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Approval for Future Issue of New Ausdrill Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Ratification of Prior Issue - Share Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no choice is specified, the Shareholder is conferring discretionary authority on the proxy to vote at his or her discretion. It should be noted that where appointed as proxy, the Chair intends to vote FOR each of the Resolutions.

SIGN Signing by Shareholder

This section **must** be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Member 1	Member 2 (if joint holding)	Member 3 (if joint holding)	/	/
<input type="text"/>	<input type="text"/>	<input type="text"/>		
Sole Director/Sole Secretary	Director/Company Secretary	Director	Date	