
**Financial
Report for
the Half Year
ended
31 December
2012**

Corporate Directory

Board of Directors

Mr Thomas Sanders	Executive Chairman
Mr Mark Edwards	Non-Executive Director
Mr Michael Kitney	Non-Executive Director

Senior Management

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

Principal Place of Business & Registered Office

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West Perth, Western Australia 6005

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Email: breaker@breakerresources.com.au
Website: www.breakerresources.com.au

Auditors

Rothsay Chartered Accountants
152-158 St George's Terrace
Perth, Western Australia 6000

Share Registry

Advanced Share Registry Services
150 Stirling Highway
Nedlands, Western Australia 6009

Securities Exchange Listing

Shares and Listed Options in Breaker Resources NL are quoted on ASX Limited (codes: BRB and BRBO respectively). The Home Exchange is Perth, Western Australia.

Financial Report for the Half Year ended 31 December 2012

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Directors' Report

The directors of Breaker Resources NL (**Breaker**) herewith submit the financial report for the half year ended 31 December 2012. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Names of Directors

The names of the directors of the Company during or since the end of the half year are:

- ✦ Mr Thomas Sanders
- ✦ Mr Mark Edwards
- ✦ Mr Michael Kitney

The above named directors held office during and since the end of the half year.

Review of Operations

This Financial Report for the Half Year ending 31 December 2012 represents Breaker's first half year financial statement since the Company's ASX listing on 20 April 2012. During the period, the Company initiated and progressed a systematic and comprehensive exploration program focused on early discovery in the emerging eastern half of the Eastern Goldfields Superterrane. Breaker is the largest tenement holder in this new search space, with eight 100%-owned projects and an overall area of +5,500km².

Breaker's exploration approach is to screen for large gold alteration systems using cost-effective surface geochemical techniques. Reconnaissance programs (1,600m x 400m) of multi-element auger soil sampling were completed at the Dexter, Mt Gill, Kurrajong South and Duketon North projects and commenced at Attila West during the period. On the basis of the initial results, infill sampling (400m x 100m) was then progressed at Dexter (with infill at other projects scheduled for the March 2013 quarter).

The infill sampling at Dexter focused on the northern 18km of an identified 32km-long gold-in-soil trend and delineated two highly prospective areas, designated the Three Bears and Tallows prospects. At Three Bears, three gold-in-soil anomalies up to 6km-long returned peak values of 298ppb gold and 17,415ppb silver. The Tallows prospect consists of a series of +40ppb gold in soil anomalies (peak value of 130ppb gold) extending over a 14km strike length.

Wide-spaced aircore drilling to scope the anomalies commenced at Three Bears in late-November 2012 and at the end of the period, 6,526m of the program had been completed with assay results pending. Based on the encouraging indications, the Dexter drilling program was subsequently increased from an original 10,000m to 20,000m. It is anticipated that following receipt and review of all assay results, a reverse circulation (RC) drilling program will commence in late March 2013 to progress discovery and resource delineation.

Whilst Breaker's priority target remains Dexter, the Company's other projects are also highly prospective. The reconnaissance auger sampling program has identified multiple gold-in-soil anomalies in four distinct areas at Mt Gill (peak value of 63ppb gold) and 17 gold-in-soil anomalies (up to 10ppb gold) at Duketon North.

Breaker has established a positive working relationship with the local traditional owners and a number of heritage survey clearances were conducted and reported during the period. In addition to field work, the Company is also constantly reviewing geological information to enhance understanding of the projects and their potential.

There were no changes to the Company's listed capital structure during the period and cash in hand as at 31 December 2012 was approximately \$4.4 million.

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 3 and forms part of the Directors' Report for the half year ending 31 December 2012.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the directors



TOM SANDERS
Executive Chairman

Perth, 8 March 2013

Competent Person Statement

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

*R*OTHSAY

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

Dear Sirs

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

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2012 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graham Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 8 March 2013



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

Condensed Statement of Comprehensive Income for the Half Year ended 31 December 2012

	Notes	2012 \$	2011 \$
Revenue			
Interest income	3	<u>112,937</u>	<u>34</u>
Total Revenue		<u>112,937</u>	<u>34</u>
Expenditure			
Administration expenses		(174,603)	(88,564)
Depreciation expenses	3	(34,216)	(1,718)
Employee benefits expenses	3	(80,708)	(65)
Exploration and evaluation expenses		(1,464,571)	(272,683)
Share-based payment expenses		(85,000)	-
Interest expenses		(346)	-
Total Expenditure		<u>(1,839,444)</u>	<u>(363,030)</u>
Loss before income tax		<u>(1,726,507)</u>	<u>(362,996)</u>
Income tax benefit / (expense)		-	-
Total comprehensive loss for the period		<u>(1,726,507)</u>	<u>(362,996)</u>
Basic and diluted loss per share attributable to the ordinary equity holders of the Company (cents per share)		(3.13)	(5.19)

The above Condensed Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Condensed Statement of Financial Position
 as at 31 December 2012**

	Notes	31 December 2012 \$	30 June 2012 \$
Current Assets			
Cash and cash equivalents	5	4,450,727	6,981,610
Trade and other receivables		49,956	164,611
Total Current Assets		<u>4,500,683</u>	<u>7,146,221</u>
Non-Current Assets			
Property, plant and equipment	6	311,002	200,471
Other financial assets		13,000	-
Total Non-Current Assets		<u>324,002</u>	<u>200,471</u>
Total Assets		<u>4,824,685</u>	<u>7,346,692</u>
Current Liabilities			
Trade and other payables		372,432	1,280,817
Borrowings		16,263	-
Total Current Liabilities		<u>388,695</u>	<u>1,280,817</u>
Non-Current Liabilities			
Borrowings		11,622	-
Total Non-Current Liabilities		<u>11,622</u>	<u>-</u>
Total Liabilities		<u>400,317</u>	<u>1,280,817</u>
Net Assets		<u>4,424,368</u>	<u>6,065,875</u>
Equity			
Contributed equity	7	8,323,675	8,323,675
Reserves		211,300	126,300
Accumulated losses		(4,110,607)	(2,384,100)
Total Equity		<u>4,424,368</u>	<u>6,065,875</u>

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

Condensed Statement of Changes in Equity for the Half Year ended 31 December 2012

	Contributed Equity \$	Share- based Payments Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2011	3,500	-	(319,636)	(316,136)
Loss for the period	-	-	(362,996)	(362,996)
Total comprehensive loss for the period	-	-	(362,996)	(362,996)
Transactions with owners in their capacity as owners:				
Shares issued during the period, net of transaction costs	511,363	-	-	511,363
Balance at 31 December 2011	514,863	-	(682,632)	167,769
Balance at 1 July 2012	8,323,675	126,300	(2,384,100)	6,065,875
Loss for the period	-	-	(1,726,507)	(1,726,507)
Total comprehensive loss for the period	-	-	(1,726,507)	(1,726,507)
Transactions with owners in their capacity as owners:				
Issue of employee options	-	85,000	-	85,000
Balance at 31 December 2012	8,323,675	211,300	(4,110,607)	4,424,368

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

**Statement of Cash Flows
 for the Half Year ended 31 December 2012**

Notes	2012 \$	2011 \$
Cash flows from operating activities		
Payments to suppliers and employees	(489,599)	(82,203)
Payment for exploration and evaluation expenditure	(2,024,013)	(60,968)
Interest received	112,937	34
Interest paid	(346)	-
Net cash outflow from operating activities	<u>(2,401,021)</u>	<u>(143,137)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(144,747)	(10,355)
Payments for environmental bonds	(13,000)	-
Net cash outflow from investing activities	<u>(157,747)</u>	<u>(10,355)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	56,446
Payments of share issue costs	-	(48,637)
Proceeds from borrowings	30,250	196,363
Repayment of borrowings	(2,365)	-
Net cash inflow from financing activities	<u>27,885</u>	<u>204,172</u>
Net (decrease)/increase in cash and cash equivalents	<u>(2,530,883)</u>	<u>50,680</u>
Cash and cash equivalents at the beginning of the period	6,981,610	3,450
Cash and cash equivalents at the end of the period	<u>4,450,727</u>	<u>54,130</u>

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

Notes to the Financial Statements for the Half Year ended 31 December 2012

1. Significant Accounting Policies

(a) Basis of preparation

The Half Year Financial Report for the half-year reporting period ended 31 December 2012 has been prepared in accordance with the *Corporations Act 2001* (**Corporations Act**) and AASB 134: 'Interim Financial Reporting'.

The Half Year Financial Report does not include notes of the type normally included in the annual financial report. Accordingly, it is recommended that this report is read in conjunction with the Annual Financial Report for the year ended 30 June 2012 and any public announcements made by Breaker Resources NL during the half year in accordance with continuous disclosure requirements arising under the Corporations Act and the ASX Listing Rules.

(b) Adoption of new and revised accounting standards

In the half year ended 31 December 2012 the Company has reviewed all of the new and revised Standards and Interpretations (**Standards**) issued by the AASB that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2012. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards on its business and therefore no change is necessary to the accounting policies.

The Company has also reviewed all new Standards that have been issued but are not yet effective for the half year ended 31 December 2012. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards on its business and therefore no change is necessary to the accounting policies.

(c) Comparative Figures

This is the first time that the Company has presented its Half Year Financial Report. Comparative figures have been prepared to conform to the current year's presentation.

2. Segment Reporting

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

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

	31 December 2012	31 December 2011
	\$	\$
Segment revenue		
Reconciliation of segment revenue to total revenue before tax:		
Interest income	112,937	34
Total revenue	112,937	34
Segment results	(1,726,507)	(362,996)
Depreciation expense	(34,216)	(1,718)
	31 December 2012	30 June 2012
	\$	\$
Total segment assets	4,824,685	7,346,692
Total assets includes additions to non-current assets	144,747	10,355
Total segment operating liabilities	400,317	1,280,817

3. Revenue and Expenses

Loss for the half-year includes the following revenue and expenses items:

	31 December 2012	31 December 2011
	\$	\$
Interest income	112,937	34
Depreciation expenses	34,216	1,718
Employee benefits expenses	165,708	65
- Wages, salaries and superannuation	38,757	-
- Directors' fees	40,222	-
- Share-based payments	85,000	-
- Others	1,729	65

3. Revenue and Expenses (continued)

	31 December 2012	31 December 2011
	\$	\$
Exploration expenditure	1,464,571	272,683

4. Dividends

There were no dividends paid or declared by the Company during the period.

5. Cash and Cash Equivalents

As at 31 December 2012, the Company had approximately total \$4 million in term deposits included in its cash and cash equivalents. The term deposits have maturities from 2 months to 3 months in various financial situations earning interest income at an average rate of 4.5%.

6. Property, Plant and Equipment

	31 December 2012	30 June 2012
	\$	\$
Plant and equipment		
Cost	356,531	211,785
Accumulated depreciation	(45,529)	(11,314)
	<u>311,002</u>	<u>200,471</u>
Plant and equipment		
Net book amount at beginning of period	200,471	4,987
Additions	144,747	10,355
Depreciation charge	(34,216)	(1,718)
Net book amount at end of period	<u>311,002</u>	<u>13,624</u>

7. Contributed Equity

	31 December 2012		30 June 2012	
	Number of shares	\$	Number of shares	\$
Ordinary shares fully paid	55,100,004	8,323,675	55,100,004	8,323,675
Total issued capital	<u>55,100,004</u>	<u>8,323,675</u>	<u>55,100,004</u>	<u>8,323,675</u>

7. Contributed Equity (continued)

	31 December 2012 \$	30 June 2012 \$
Movements in ordinary shares during the period:		
Beginning balance at beginning of period	8,323,675	3,500
Shares converted from debt	-	503,554
Issue of shares	-	56,446
Issue cost	-	(48,637)
Ending balance at end of period	<u>8,323,675</u>	<u>514,863</u>

8. Commitments

Exploration commitments:

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

	31 December 2012 \$	30 June 2012 \$
Within one year	1,798,000	1,767,000
Later than one year but not later than five years	4,919,548	5,744,000
	<u>6,717,548</u>	<u>7,511,000</u>

9. Contingencies

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

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

in addition to the above, within 28 days of the Company filing exploration expenditure reports with the Department of Mines and Petroleum, the Company must pay the Indigenous Party 10% of its overall exploration expenditure in relation to the "Agreement Area" for the previous year less the relevant amount payable for that year under any of the above, where 10% of its overall exploration expenditure for the previous year is greater than the relevant amount payable for that year under any of the above.

9. Contingencies (continued)

"Agreement Area" means the Aboriginal reserves the subject of that agreement (reserves 22032, 25050, 20396 and 25051) and the area of the Yilka native title claim.

10. Related Party Transactions

During the period the Company paid a total of \$152,219 to Goldfields Geological Associates in exchange for Mr Thomas Sanders' service. The amount also included the reimbursement to him for other Company's expenses.

11. Subsequent Events

There were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations on the state of the affairs of the Company in the financial period subsequent to 31 December 2012.

Directors' Declaration

The directors declare that:

- ✦ In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- ✦ In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors



TOM SANDERS
Executive Chairman

Perth, 8 March 2013



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Independent Review Report to the Members of Breaker Resources NL**The financial report and directors' responsibility**

The interim financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Breaker Resources NL for the period ended 31 December 2012.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2012 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Breaker Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.



Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Breaker Resources NL is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position as at 31 December 2012 and of the performance for the period ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


Rothsay
Graham R Swan
Partner

Dated 8 March 2013



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).