28 August 2014

The Manager
Market Announcements Office
ASX Limited
PO Box H224 Australia Square
SYDNEY NSW 2001

Dear Sir/Madam

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

Please find following the Financial Report for the Year ended 30 June 2014 for Breaker Resources NL (ASX: BRB).

Yours faithfully

M. Simson

MICHELLE SIMSON
Company Secretary

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WEST PERTH WA 6005
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WEST PERTH WA 6872

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ASX: BRB; ACN: 145 011 178

BREAKER
Resources NL

Financial Report for the Year ended 30 June 2014

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

12 Walker Avenue
West Perth, Western Australia 6005

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

Auditors

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

Solicitors

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

Share Registry

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

Tel:	+61 8 9389 8033
Fax:	+61 8 9262 3723
Website:	www.advancedshare.com.au

Securities Exchange Listing

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

ABN

87 145 011 178

Financial Report
for the Year ended 30 June 2014

Review of Activities

Breaker Resources NL's (**Breaker**) strategy is based on the use of wide-spaced (1,600m x 400m), fine fraction modern multi-element auger soil geochemistry to locate large new gold systems near major crustal shear zones concealed by transported cover in the unexplored eastern parts of the world class Eastern Goldfields Superterrane (**EGST**) in Western Australia.

Breaker has six 100%-owned projects covering 3,725km^2 as at the date of this report and remains one of the largest tenement holders in the EGST (Figure 1). Several tenement acquisitions were made in the course of the year in response to positive geochemical results, and several tenements were reduced in size or surrendered based on thickness of cover or low prospectivity in the light of new geochemical results.

Breaker's projects include approximately 150km of the Yamarna Shear Zone as well as several previously undrilled greenstone belts at the Dexter, Mt Gill, De La Poer and Duketon Projects. Several of Breaker's projects are situated along strike from significant gold discoveries in the area, including the recent Gruyere discovery in the Yamarna Terrane.

Breaker's reconnaissance soil geochemistry has successfully identified large new gold-in-soil anomalies on all of its retained projects, demonstrating the effectiveness of its geochemical approach in areas of transported cover. During the reporting period, auger drilling was extended to the south at the Dexter Project and was successful in identifying a cohesive regional-scale (12km-long) gold-in-soil anomaly, designated the Sandshoes Prospect, with peak gold values of 35ppb (ASX Release 31 October 2014). A significant anomaly measuring 5km x 2km with a peak value of 32ppb was also identified at the Dexter West Prospect (ASX Release 15 July 2014). As at the date of this report, reconnaissance drilling has commenced to test both targets.

Limited reverse circulation (**RC**) drilling of the Three Bears-Tallows anomaly (12 holes for 3,014m) at the Dexter Project did not locate the bedrock source of the gold but did encounter wide sulphide-rich zones and mantle-derived syenite rocks within the Dexter Shear. Further RC drilling to conclusively test this target is planned.

Reconnaissance aircore drilling was conducted at the Dexter, Attila West and Kurrajong Projects and for the period comprised a total of 91 holes for 4,938m. Whilst not resulting in discovery, the work aided Breaker's understanding of the project areas and future drill program targeting.

Other fieldwork undertaken during the period included reconnaissance mapping, rock chip sampling, heritage surveys and environmental rehabilitation.

Breaker has a portfolio of large projects with large new soil anomalies in an unexplored part of a high-endowment gold province. This is uncommon and recent gold discoveries in the area and the success of the geochemical approach leading to these discoveries have reinforced Breaker's long term strategy. The focus now is on accelerating the drill testing of these anomalies and delivering exploration success within a tight capital structure.

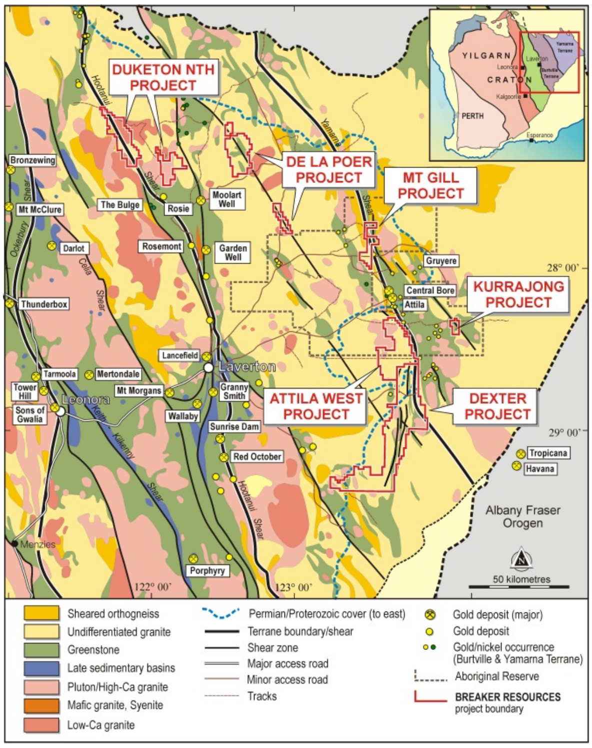

Figure 1: Project Locations

Directors' Report

The directors of Breaker Resources NL (**Breaker**) herewith submit the financial report for the year ended 30 June 2014. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Information about Officeholders

Directors

The names of the directors of the Company during or since the end of the financial year and up to the date of this report are provided below. All of the directors held their positions for the entire financial year period.

Mr Thomas Sanders BSc (Geology); MSc (Mineral Economics); MAusIMM; FAICD
Executive Chairman (appointed 2 July 2010)

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

Following experience in nickel mining and exploration with Metals Exploration Limited, in 1983 Mr Sanders established a geological consultancy firm in WA's eastern Goldfields. During his time in the Kalgoorlie region (until 2001) he worked with many ASX-listed companies and obtained mining experience on several underground and open pit gold and nickel operations. He has managed a large number of exploration projects, several of which he progressed into production.

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

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

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

Mark Edwards 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 resources projects in Australia and overseas, including significant nickel, gold and iron ore projects. His professional work has involved him in many facets of the resources industry ranging from ASX listings, exploration and mining joint ventures to project development agreements and project financing.

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

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

Mike Kitney is a process engineer with over 40 years' experience in the mining industry. He has participated in the development and construction of projects throughout Australia, Africa, south east Asia and the former Soviet Union.

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

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

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

Company Secretary

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

Miss Michelle Simson EMBA (Dist.)
Company Secretary (appointed 22 October 2012)

Michelle Simson has 20 years' administration experience, including the last 11 years in the mining industry working in both exploration and mining companies in the commodities of gold and uranium. She has previously held positions with Agincourt Resources Limited, Nova Energy Limited and Navigator Resources Limited and has completed an Executive Master of Business Administration with Distinction at the University of Western Australia. She is currently undertaking a Graduate Diploma in Applied Corporate Governance.

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

Board Committee Membership

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

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

Directors' Meetings

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

	Board of Directors		Committee Meetings							
			Audit		Nomination		Remuneration		Risk	
Director	Held	Present	Held	Present	Held	Present	Held	Present	Held	Present
Tom Sanders	6	6	2	2	0	n/a	1	1	1	1
Mark Edwards	6	6	2	2	0	n/a	1	1	1	1
Mike Kitney	6	5	2	2	0	n/a	1	1	1	1

Directors' Interests

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

Director	Fully paid ordinary shares **Number**	Partly paid ordinary shares **Number**	Listed share options **Number**	Unlisted share options **Number**
Tom Sanders	14,439,747	1,309,871	1,939,871	5,000,000
Mark Edwards	1,180,000	65,000	65,000	500,000
Mike Kitney	1,191,250	58,125	70,625	500,000

During and since the end of the financial year Nil share options have been granted to directors of the Company as part of their remuneration (2013: Nil).

Directors' and Officers' Insurance

During the financial year, Breaker Resources NL paid a premium to insure the directors and secretary of the Company. Details of the premium are subject to a confidentiality clause under the contract of insurance. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company and any other payments arising from liabilities incurred by the officers in connection with such proceedings.

This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Corporate Structure

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

Principal Activities

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

Operational Review

Activities Review

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

Financial Review

During the year total exploration expenditure incurred by the Company amounted to $2,186,055 (2013: $3,951,995). In line with the Company's accounting policies, all exploration expenditure is written off as it is incurred. Net administration income amounted to $1,143,233 (2013: expenditure incurred of $645,805). The Company's operating loss after income tax for the year is $1,042,822 (2013: $4,597,800).

At year end the Company held cash or similar reserves of $457,575 (2013: $2,250,187).

Operating Results for the Year

Summarised operating results are as follows:

	Revenues $	Results $
Revenues and profit/(loss) from ordinary activities before income tax expenses	1,841,020	(1,042,822)

Shareholder Return

Summarised shareholder return is as follows:

	2014 cents	2013 cents
Basic profit/(loss) per share	(1.68)	(8.30)

Dividends

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

Share Options

As at the date of this report, there are 36,537,498 unissued ordinary shares of Breaker Resources NL in respect of which options are outstanding. This number comprises:

Type of option	Number	Exercise price	Expiry date
Listed (ASX: BRBO)	28,137,498	$0.25	31 December 2014
Unlisted	3,000,000*	$0.231^	30 June 2016
Unlisted	3,000,000*	$0.281^	30 June 2016
Unlisted	1,000,000	$0.50	31 December 2016
Unlisted	1,400,000	$0.481^	31 December 2016

* *These options were released from escrow on 20 April 2014.*

^ *The exercise prices of these options were adjusted in December 2013 as a result of the conduct of a pro-rata entitlement offer.*

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

Share Options Issued

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

Type of option	Number	Exercise price	Expiry date	Comment
Listed (ASX: BRBO)	6,887,498	$0.25	31 December 2014	Issued to shareholders through pro-rata entitlements issue

Shares Issued on Exercise of Options

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

Share Options that Expired/Lapsed

There were Nil options that expired or lapsed during the financial year.

Significant Changes in State of Affairs

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

Subsequent Events

On 8 July 2014 the Company received a tax incentive refund of $1.78million for research and development expenditure incurred during 2012/13.

There were no other matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2014.

Likely Developments and Expected Results

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

Environmental Regulations and Performance

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

Proceedings on Behalf of the Company

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

Non-Audit Services

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

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 14 and forms part of the Directors' Report for the financial year ended 30 June 2014.

Remuneration Report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Breaker Resources NL's key management personnel for the financial year ended 30 June 2014. The information provided in this report has been audited as per the requirements of section 308(3C) of the *Corporations Act 2001*.

The report is set out under the following main headings:

- Key management personnel;
- Principles used to determine the components and amount of compensation;

- Details of remuneration;
- Details of share-based compensation; and
- Details of service agreements and employment contracts.

Key Management Personnel

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

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

Principles Used to Determine the Components and Amount of Compensation

Remuneration Committee

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

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

Remuneration Policy

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

The policy for determining the nature and amount of remuneration for senior executives of the Company is summarised below:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. The Board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

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

- Executives are also entitled to participate in the employee option plan.

- Where applicable, executives receive a superannuation guarantee contribution required by the government, which during the reporting period was 9.25% and since year end has increased to 9.5%. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

- All remuneration paid to key management personnel is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting. The remuneration pool limit is $300,000 and is currently utilised to a level of $64,000 per annum. From 1 April 2014, the base fee paid to non-executive directors is $32,000 per annum. For the period 1 July 2013 to 31 March 2014, the base fee paid to non-executive directors was $40,000 per annum.

Fees for non-executive directors are not linked to the performance of the Company however to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan, although any allocation must be approved by shareholders in general meeting. There is no retirement benefit plan for directors.

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

<u>Company Performance, Shareholder Wealth and Key Management Personnel Remuneration</u>
The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and key management personnel performance. Currently, this is facilitated through the issue of options to key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

<u>Use of Remuneration Consultants</u>
The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2014.

Details of Remuneration

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

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

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

Key management personnel	Short-term		Post-employment		Share-based payments	
	Salary & fees $	Non-monetary $	Super-annuation $	Retirement benefits $	Options $	**Total** $
Tom Sanders						
2014	**261,374**	**-**	**-**	**-**	**-**	**261,374**
2013	280,199	-	-	-	-	280,199

Key management personnel	Short-term		Post-employment		Share-based payments	
	Salary & fees $	Non-monetary $	Super-annuation $	Retirement benefits $	Options $	**Total** **$**
Mark Edwards						
2014	**38,000**	**-**	**-**	**-**	**-**	**38,000**
2013	40,111	-	-	-	-	40,111
Mike Kitney						
2014	**38,000**	**-**	**-**	**-**	**-**	**38,000**
2013	40,111	-	-	-	-	40,111
Alastair Barker						
2014	**212,971**	**-**	**-**	**-**	**-**	**212,971**
2013	234,487	-	-	-	85,000	319,487
Michelle Simson						
2014	**184,004**	**-**	**24,996**	**-**	**-**	**209,000**
2013(i)	139,732	-	17,926	-	201,340	358,998

Notes
(i) Appointed 22 October 2012

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

Details of Share-Based Compensation

Shares

Nil shares in the Company were issued to key management personnel as part of their remuneration during the year (2013: Nil).

Options

Nil options in the Company were issued to key management personnel as part of their remuneration during the year (2013: 2,000,000). There were Nil options exercised, sold or lapsed by key management personnel during the year (2013: Nil).

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

Option series	Grant date	Expiry date	Fair value per option at grant **cents**	Vesting date
60502	1 August 2011	30 June 2016	2.31	5 August 2011
60503	1 August 2011	30 June 2016	1.90	9 August 2011
60510	10 July 2012	31 December 2016	8.52	11 July 2012
60511	20 November 2012	31 December 2016	20.13	27 November 2012

Shareholdings of Key Management Personnel

The numbers of ordinary shares in the Company held during the financial year by each director of Breaker Resources NL and other key management personnel of the Company, including their personally related parties, are detailed below.

Fully Paid Ordinary Shares

Key management personnel	Balance at start of year Number	Granted as compen-sation Number	Received on exercise of options Number	Other changes Number	Balance at year end Number
Tom Sanders					
2014	**11,770,004**	**-**	**-**	**2,679,743**	**14,449,747**
2013	11,770,004	-	-	-	11,770,004
Mark Edwards					
2014	**1,050,000**	**-**	**-**	**130,000**	**1,180,000**
2013	1,050,000	-	-	-	1,050,000
Mike Kitney					
2014	**1,075,000**	**-**	**-**	**116,250**	**1,191,250**
2013	1,075,000	-	-	-	1,075,000
Alastair Barker					
2014	**50,000**	**-**	**-**	**12,500**	**62,500**
2013	50,000	-	-	-	50,000
Michelle Simson					
2014	**-**	**-**	**-**	**-**	**-**
2013(i)	-	-	-	-	-

Notes
(i) Commenced 22 October 2012

Partly Paid Ordinary Shares

Key management personnel	Balance at start of year Number	Granted as compensation Number	Other changes Number	Balance at year end Number
Tom Sanders				
2014	**-**	**-**	**1,309,871**	**1,309,871**
2013	-	-	-	-
Mark Edwards				
2014	**-**	**-**	**65,000**	**65,000**
2013	-	-	-	-
Mike Kitney				
2014	**-**	**-**	**58,125**	**58,125**
2013	-	-	-	-
Alastair Barker				
2014	**-**	**-**	**6,250**	**6,250**
2013	-	-	-	-
Michelle Simson				
2014	**-**	**-**	**-**	**-**
2013(i)	-	-	-	-

Notes
(i) Commenced 22 October 2012

Option Holdings of Key Management Personnel

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

Key management personnel	Balance at start of year Number	Granted as compen-sation Number	Exercised Number	Other changes Number	Balance at year end Number	Vested and exercisable Number
Tom Sanders						
2014	**5,635,000**	**-**	**-**	**1,309,871**	**6,944,871**	**6,944,871**
2013	5,635,000	-	-	-	5,635,000	635,000
Mark Edwards						
2014	**500,000**	**-**	**-**	**65,000**	**565,000**	**565,000**
2013	500,000	-	-	-	500,000	-
Mike Kitney						
2014	**512,500**	**-**	**-**	**58,125**	**570,625**	**570,625**
2013	512,500	-	-	-	512,500	12,500
Alastair Barker						
2014	**1,025,000**	**-**	**-**	**6,250**	**1,031,250**	**1,031,250**
2013	25,000	1,000,000	-	-	1,025,000	1,025,000
Michelle Simson						
2014	**1,000,000**	**-**	**-**	**-**	**1,000,000**	**1,000,000**
2013(i)	-	1,000,000	-	-	1,000,000	1,000,000

Notes

(i) Commenced 22 October 2012

As a result of the conduct of the Company's pro rata entitlement issue, and in accordance with the relevant terms and conditions, the exercise prices of various unlisted options on issue were adjusted, as per the formula provided in ASX Listing Rule 6.22.2, effective 27 December 2013 (the market price of BRB securities at this time was 20 cents). Details of the adjustments made to options held by key management personnel are outlined below.

Key management personnel	Unlisted options held Number	Expiry date	Exercise price at grant cents	Fair value per option at grant cents	Fair value pre-adjustment cents	Exercise price post-adjustment cents	Fair value post-adjustment cents
Tom Sanders	2,000,000	30/06/16	25.0	2.31	10.78	23.1	11.11
Tom Sanders	3,000,000	30/06/16	30.0	1.90	9.98	28.1	10.26
Mark Edwards	500,000	30/06/16	25.0	2.31	10.78	23.1	11.11
Mike Kitney	500,000	30/06/16	25.0	2.31	10.78	23.1	11.11
Michelle Simson	1,000,000	31/12/16	50.0	20.13	8.92	48.1	9.11

All other terms and conditions of the unlisted options remained unchanged.

Details of Service Agreements and Employment Contracts

Service agreements are in place between the Company and Executive Chairman Tom Sanders and Exploration Manager Alastair Barker. Manager Corporate Affairs/Company Secretary Michelle Simson is employed via contract. Details of these arrangements as at 30 June 2014 are provided below:

- Service Agreement: Tom Sanders – Executive Chairman
  - Term of agreement – Initial term of two (2) years and further terms of two (2) years, subject to termination provisions; commenced 18 April 2012 (subject to ASX listing).
  - An annual consultancy fee of $220,104# (inclusive of superannuation, plus GST) is paid to Goldfields Geological Associates, an entity controlled by Mr Sanders, for the provision of services by Mr Sanders on a minimum of 80% of fulltime basis.
  - The agreement continues until terminated by either Goldfields Geological Associates or the Company. Subject to the *Corporations Act 2001* and the ASX Listing Rules, Mr Sanders is entitled to a minimum notice period of 12 months and the Company is entitled to a minimum notice period of three (3) months.
  - Goldfields Geological Associates will be reimbursed for expenses incurred on the Company's behalf.

- Service Agreement: Alastair Barker – Exploration Manager
  - Term of agreement – Initial term of two (2) years and further terms of one (1) year subject to termination provisions; commenced 18 April 2012 (subject to ASX listing).
  - An annual consultancy fee of $179,344# (inclusive of superannuation, plus GST) is paid to Horizon Resources Pty Ltd, an entity controlled by Mr Barker, for the provision of services by Mr Barker on a minimum of 80% of fulltime basis.
  - The agreement continues until terminated by either Horizon Resources Pty Ltd or the Company. Subject to the *Corporations Act 2001* and ASX Listing Rules, Mr Barker is entitled to a minimum notice period of 12 months (or six (6) months after the initial term). The Company is entitled to a minimum notice period of three (3) months.

- Employment Contract: Michelle Simson – Manager Corporate Affairs/Company Secretary
  - Base salary of $176,000# per annum (inclusive of superannuation).
  - Payment of termination benefit on early termination by the employer, other than for gross misconduct, equals three (3) months' salary.
  - Notice period of three (3) months.

 # The figures stated represent the respective fees as at 30 June 2014 and were effective from 1 April 2014. All key management agreed to a 20% fee reduction from this date.

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

On behalf of the directors

TOM SANDERS
<u>Executive Chairman</u>

Perth, 28 August 2014

Competent Persons Statement

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

Drill results mentioned in the Review of Activities as being reported prior to 1 December 2013 were done so under JORC Code 2004 and there has been no material change to the information since this time.

ROTHSAY

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Phone (08) 9486 7094 www.rothsayresources.com.au

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

Dear Sirs

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

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2014 financial statements; and

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

GRSwan

Graham Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 28 August 2014

Statement of Profit or Loss and Other Comprehensive Income for the Financial Year ended 30 June 2014

	Notes	2014 $	2013 $
Income			
Government grant and incentive	4	**1,811,146**	120,000
Interest income	4	**28,016**	194,418
Other income	4	**1,858**	-
Total Income		**1,841,020**	314,418
Expenses			
Administration expenses		**(395,684)**	(357,840)
Depreciation expenses	4	**(96,905)**	(79,189)
Employee benefits expenses	4	**(204,145)**	(178,803)
Exploration and evaluation expenses	4	**(2,186,055)**	(3,951,995)
Share-based payment expenses	4	**-**	(343,233)
Interest expenses		**(1,053)**	(1,158)
Total Expenses		**(2,883,842)**	(4,912,218)
Profit/(Loss) before income tax		**(1,042,822)**	(4,597,800)
Income tax expense	6	**-**	-
Profit/(Loss) for the year		**(1,042,822)**	(4,597,800)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(1,042,822)**	(4,597,800)
Profit/(Loss) attributable to owners of the Company		**(1,042,822)**	(4,597,800)
Total comprehensive income attributable to owners of the Company		**(1,042,822)**	(4,597,800)
Basic and diluted profit/(loss) per share attributable to the ordinary equity holders of the Company (cents per share)	15	**(1.68)**	(8.30)

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

Statement of Financial Position
as at 30 June 2014

	Notes	2014 $	2013 $
Current Assets			
Cash and cash equivalents	7	**457,575**	2,250,187
Trade and other receivables	8	**1,818,885**	104,356
Total Current Assets		**2,276,460**	2,354,543
Non-Current Assets			
Plant and equipment	9	**189,978**	285,877
Other financial assets	10	**36,410**	49,410
Total Non-Current Assets		**226,388**	335,287
Total Assets		**2,502,848**	2,689,830
Current Liabilities			
Trade and other payables	11	**308,953**	857,975
Borrowings	12	**5,335**	15,211
Total Current Liabilities		**314,288**	873,186
Non-Current Liabilities			
Borrowings	12	**-**	5,336
Total Non-Current Liabilities		**-**	5,336
Total Liabilities		**314,288**	878,522
Net Assets		**2,188,560**	1,811,308
Equity			
Contributed equity	13	**9,743,749**	8,323,675
Reserve		**469,533**	469,533
Accumulated profit/(loss)		**(8,024,722)**	(6,981,900)
Capital and reserves attributable to owners of the Company		**2,188,560**	1,811,308
Total Equity		**2,188,560**	1,811,308

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

Statement of Changes in Equity
for the Financial Year ended 30 June 2014

		Attributable to owners of the Company			
	Notes	Contributed Equity $	Share-based Payments Reserve $	Accumulated Profit/(Losses) $	Total $
Balance at 30 June 2012		8,323,675	126,300	(2,384,100)	6,065,875
Profit/(Loss) for the year		-	-	(4,597,800)	(4,597,800)
Total comprehensive income for the year		-	-	(4,597,800)	(4,597,800)
Recognition of share-based payments		-	343,233	-	343,233
Balance at 30 June 2013		8,323,675	469,533	(6,981,900)	1,811,308
Profit/(Loss) for the year		**-**	**-**	**(1,042,822)**	**(1,042,822)**
Total comprehensive income for the year		**-**	**-**	**(1,042,822)**	**(1,042,822)**
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs	13	1,420,074	-	-	1,420,074
Balance at 30 June 2014		**9,743,749**	**469,533**	**(8,024,722)**	**2,188,560**

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

Statement of Cash Flows
for the Financial Year ended 30 June 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Payments to suppliers and employees		**(480,944)**	(856,603)
Payments for exploration and evaluation expenditure		**(2,787,345)**	(3,994,621)
Government grant received		**30,000**	120,000
Other income received		**1,858**	-
Interest received		**28,016**	194,418
Interest paid		**(1,053)**	(1,158)
Net cash inflow/(outflow) from operating activities	18	**(3,209,468)**	(4,537,964)
Cash flows from investing activities			
Payments for plant and equipment		**(1,006)**	(164,595)
Other financial assets received		**13,000**	(49,410)
Net cash inflow/(outflow) from investing activities		**11,994**	(214,005)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**1,584,106**	-
Share issue transaction costs		**(164,032)**	-
Proceeds from borrowings		**-**	30,250
Repayment of borrowings		**(15,212)**	(9,704)
Net cash inflow/(outflow) from financing activities		**1,404,862**	20,546
Net increase/(decrease) in cash and cash equivalents		**(1,792,612)**	(4,731,423)
Cash and cash equivalents at the beginning of the period		**2,250,187**	6,981,610
Cash and cash equivalents at the end of the period	7	**457,575**	2,250,187

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

Notes to the Financial Statements
for the Year ended 30 June 2014

1. General information

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

These Financial Statements are for Breaker Resources NL as an individual entity and are presented in the Australian currency. The Financial Statements were authorised for issue by the directors on 28 August 2014. The directors have the power to amend and reissue the Financial Statements.

2. Significant accounting policies

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* (**Corporations Act**) and Australian Accounting Standards and Interpretations (**Standards**) issued by the Australian Accounting Standards Board (**AASB**). The Financial Statements and notes of the Company also comply with International Financial Reporting Standards issued by the International Accounting Standards Board.

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

<u>Going concern</u>

The Financial Statements have been prepared on the basis of going concern which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company has incurred a net loss of $1,042,822 and experienced net cash outflows from operating and investing activities of $3,197,474 for the year ended 30 June 2014. Subsequent to year end, the Company received a tax incentive refund of $1,781,146 for research and development expenditure incurred during 2012/13, resulting in a working capital position of $1,962,172 (see Note 13).

The ability of the Company to continue as a going concern is dependent upon funding to provide adequate working capital for a further 12 months from the date of signature of the Financial Statements. The directors intend to access further government grant and incentive funding and are satisfied that the going concern basis of preparation is appropriate.

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

(b) New and revised accounting standards

i. Standards affecting amounts reported and/or disclosures in the financial statements

The Company has adopted all of the new and revised Standards issued by the AASB that are relevant to its operations and effective for the current year. New and revised Standards and amendments thereof effective for the current year that are relevant to the Company include:

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'

This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result the Company only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

In the current year the individual key management personnel disclosure previously required by AASB 124 (Note 20 in the 30 June 2013 financial statements) is disclosed in the Remuneration Report due to an amendment to *Corporations Regulations 2001* issued in June 2013.

AASB 119 'Employee Benefits (2011)' and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

The revised standard has changed the accounting for the Company's annual leave obligations. As the Company did not have any annual leave balance at the beginning of the year and it expects all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are classified as short-term employee benefits in their entirety. The application of the amendments does not have any impact on the Financial Statements.

AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'

The Company has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments require entities to disclose information about rights of offset and related arrangements.

The amendments have been applied retrospectively. As the Company does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the Financial Statements.

AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'

The Annual Improvements to AASBs 2009 – 2011 have made a number of amendments to Standards. The amendments that are relevant to the Company are the amendments to AASB 101 regarding when a Statement of Financial Position as at the beginning of the preceding period (**third Statement of Financial Position**) and the related notes are required to be presented. The amendments specify that a third Statement of Financial Position is required when:

- an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements; and

- the retrospective application, restatement or reclassification has a material effect on the information in the third Statement of Financial Position. The amendments specify that related notes are not required to accompany the third Statement of Financial Position.

As the Company does not have any retrospective restatement or reclassification there is no impact on the Financial Statements.

ii. Standards and Interpretations in issue not yet adopted

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

AASB 9 'Financial Instruments' and the relevant amending standards, effective for annual reporting periods beginning on or after 1 January 2017.

AASB 1031 'Materiality (2013)', effective for annual reporting periods beginning on or after 1 January 2014.

AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities', effective for annual reporting periods beginning on or after 1 January 2014.

AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets', effective for annual reporting periods beginning on or after 1 January 2014.

AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting', effective for annual reporting periods beginning on or after 1 January 2014.

AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities', effective for annual reporting periods beginning on or after 1 January 2014.

AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', effective for annual reporting periods beginning on or after 1 January 2014.

INT 21 'Levies', effective for annual reporting periods beginning on or after 1 January 2014.

(c) Segment reporting

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

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

(d) Government grants

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

(e) Interest income

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

(f) Income tax

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

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

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise these temporary differences and losses. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

(g) Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

(h) Cash and cash equivalents

For the purpose of presentation in the *Statement of Cash Flows*, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to significant risk of changes in value, and bank overdrafts.

(i) Trade and other receivables

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

(j) Financial assets

<u>Classification</u>

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

<u>Loans and receivables</u>

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

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts.

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

The amount of the impairment loss is recognised in the *Statement of Profit or Loss and Other Comprehensive Income* within impairment expenses. When a loan or receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the *Statement of Profit or Loss and Other Comprehensive Income*.

<u>Recognition and derecognition</u>

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

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

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 2(g)).

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

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

(m) Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms. They are presented as current liabilities unless payment is not due within 12 months after the reporting period.

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

Other long-term employee benefit obligations
The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the

end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

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

(o) Share-based payments

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which any performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (**vesting date**).

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

- the extent to which the vesting period has expired; and
- the number of options that, in the opinion of the directors of the Company, will ultimately vest.

This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

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

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

(p) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Goods and Services Tax (GST)

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

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

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

(r) Critical judgements, estimates and assumptions

The preparation of these Financial Statements requires the use of certain critical accounting estimates, which, by definition, will seldom equal the actual results. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are:

Environmental issues

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

Taxation

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

3. Financial risk management

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

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

(a) Market risk

Foreign exchange risk

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

Commodity price risk

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

Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents. The Company policy is to monitor the interest rate yield curve out to six (6) months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Company of $457,575 (2013: $2,250,187) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Company was 2.59% (2013: 2.49%).

Sensitivity analysis

At 30 June 2014, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Company would have been $13,539 lower/higher (2013: $46,159) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

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

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

(c) Liquidity risk

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

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

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

(d) Fair value estimation

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

4. Income and expenses

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

	2014 $	2013 $
Government grant and incentive[(i)]	**1,811,146**	120,000
Interest income	**28,016**	194,418
Others	**1,858**	-
	1,841,020	314,418

Notes

(i) The amount represents $1,781,146 Research and Development tax incentive and $30,000 received from the Department of Mines and Petroleum under the Royalties for Regions Co-funded Government – Industry Drilling Program 2012-2013. There are no unfulfilled conditions or other contingencies attaching to this incentive and grant. The Company did not benefit directly from any other forms of government assistance.

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

	2014 $	2013 $
Depreciation	**96,905**	79,189
Exploration and evaluation expenses	**2,186,055**	3,951,995
	2,282,960	4,031,184

(c) Employee benefit expenses:

	2014 $	2013 $
Wages and superannuation	**113,544**	74,869
Directors' fees	**76,000**	80,222
Equity-settled share-based payments	**-**	343,233
Annual leave provision	**12,729**	-
Other	**1,872**	23,712
	204,145	522,036

5. Operating segments

For management purposes, the Company has identified only one (1) reportable segment as exploration activities undertaken in Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves from the Company's mineral assets in this geographic location. Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Company's accounting policies.

	2014 $	2013 $
Segment revenue	**-**	-
Reconciliation of segment revenue to total revenue before tax:		
Government grant and incentive	**1,811,146**	120,000
Interest revenue	**28,016**	194,418
Other income	**1,858**	-
Total revenue	**1,841,020**	314,418
Segment result	**(2,186,055)**	(3,951,995)
Reconciliation of segment result to loss before tax:		
Depreciation expenses	**(96,905)**	(79,189)
Other corporate and administration income/(expenses), net	**1,240,138**	(566,616)
Net profit/(loss) before tax	**(1,042,822)**	(4,597,800)
Segment operating assets	**161,336**	340,033
Reconciliation of segment operating assets to total assets:		
Other corporate and administration assets	**2,341,512**	2,349,797
Total assets	**2,502,848**	2,689,830
Total assets includes additions to non-current assets	**1,006**	144,747
Segment operating liabilities	**172,396**	773,686
Reconciliation of segment operating liabilities to total liabilities:		
Other corporate and administration liabilities	**141,892**	104,836
Total liabilities	**314,288**	878,522

6. Income tax

	2014 $	2013 $
Income tax expense		
Current tax	**-**	-
Deferred tax	**-**	-
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(Loss) from continuing operations before income tax expense	**(1,042,822)**	(4,597,800)
Prima facie tax benefit at the Australian tax rate of 30%	**(312,847)**	(1,379,340)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Capital raising costs	**(8,172)**	
- R& D refund	**(534,344)**	
- Share-based payments		102,970
- Entertainment	**330**	248
	(855,033)	(1,276,122)
Movements in unrecognised temporary differences	**(27,623)**	(71,110)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**882,656**	1,347,232
Income tax expense	**-**	-
Unrecognised temporary differences		
Deferred tax assets (at 30%) on income tax account		
Accruals	**7,500**	8,700
Provisions	**3,819**	-
Capital raising costs	**122,777**	133,168
Carry forward tax losses	**1,769,307**	2,116,027
	1,903,403	2,257,895
Deferred tax liabilities (30%)	**-**	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised. The Company's ability to use losses in the future is subject to the Company satisfying the relevant tax authority's criteria for using these losses.

7. Cash and cash equivalents

	2014 $	2013 $
Cash at bank and in hand	**457,575**	2,250,187
Cash and cash equivalents as shown in the *Statement of Financial Position* and the *Statement of Cash Flows*	**457,575**	2,250,187

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

8. Trade and other receivables

	2014 $	2013 $
Prepayments	**31,747**	20,480
Research & development tax incentive	**1,781,146**	-
GST receivable	**5,992**	83,876
	1,818,885	104,356

9. Plant and equipment

	2014				2013			
	Furniture & office equipment $	Exploration equipment $	Motor vehicles $	Total $	Furniture & office equipment $	Exploration equipment $	Motor vehicles $	Total $
Cost	**54,831**	**108,717**	**213,838**	**377,386**	54,831	107,711	213,838	376,380
Accumulated depreciation	**(26,189)**	**(52,309)**	**(108,910)**	**(187,408)**	(12,111)	(24,369)	(54,023)	(90,503)
Net book amount	**28,642**	**56,408**	**104,928**	**189,978**	42,720	83,342	159,815	285,877
Opening net book amount	**42,720**	**83,342**	**159,815**	**285,877**	33,346	49,146	117,979	200,471
Additions	**-**	**1,006**	**-**	**1,006**	19,849	55,000	89,746	164,595
Depreciation charge	**(14,078)**	**(27,940)**	**(54,887)**	**(96,905)**	(10,475)	(20,804)	(47,910)	(79,189)
Closing net book amount	**28,642**	**56,408**	**104,928**	**189,978**	42,720	83,342	159,815	285,877

10. Other financial assets

	2014 $	2013 $
Long-term deposits	**36,410**	49,410

11. Trade and other payables

	2014 $	2013 $
Trade creditors	**250,254**	807,107
Payroll tax	**20,953**	20,845
Other payables and accruals	**37,746**	30,023
	308,953	857,975

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

12. Borrowings

	2014 $	2013 $
Current	**5,335**	15,211
Non-current	**-**	5,336
	5,335	20,547

The fair value of the loan is not materially different to its carrying amount, since the interest payable on the loan is close to current market rate and the borrowing is of a short-term nature.

13. Contributed equity

(a) Share capital

		2014		2013	
	Notes	Number	$	Number	$
Ordinary shares fully paid	(b),(d)	**68,875,005**	**9,674,874**	55,100,004	8,323,675
Ordinary shares partly paid	(b),(d)	**6,887,498**	**68,875**	-	-
Total issued capital		**75,762,503**	**9,743,749**	55,100,004	8,323,675

(b) Movements in ordinary share capital

	2014		2013	
	Number	$	Number	$
Beginning of the year	**55,100,004**	**8,323,675**	55,100,004	8,323,675
Issued during the year:				
⌘ Fully paid shares via entitlement issue	**13,775,001**	**1,515,231**	-	-
⌘ Partly paid shares via entitlement issue	**6,887,498**	**68,875**	-	-
⌘ Transaction costs	**-**	**(164,032)**	-	-
End of the year	**75,762,503**	**9,743,749**	55,100,004	8,323,675

(c) Movements in options on issue

	2014 Number	2013 Number
Beginning of the year	**29,650,000**	27,250,000
⌘ Issued via entitlement issue, exercisable at 25 cents on or before 31 December 2014	**6,887,498**	-
⌘ Issued, exercisable at 50 cents on or before 31 December 2016	**-**	2,500,000
⌘ Lapsed	**-**	(100,000)
End of the year	**36,537,498**	29,650,000

All options on issue are exercisable on a 1:1 basis for the Company's ordinary shares and carry no rights to dividends and no voting rights. The options are exercisable at prices between $0.231 and $0.50 and expire between 31 December 2014 and 31 December 2016.

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one (1) vote, and upon a poll each share is entitled to one (1) vote, in proportion to the number of and amounts paid on the shares held.

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

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

(e) Capital risk management

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

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

The working capital position of the Company at 30 June 2014 and 30 June 2013 is as follows:

	2014 $	2013 $
Cash and cash equivalents	**457,575**	2,250,187
Trade and other receivables	**1,818,885**	104,356
Trade and other payables	**(308,953)**	(857,975)
Borrowings	**(5,335)**	(15,211)
Working capital position	**1,962,172**	1,481,357

14. Dividends

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

15. Loss per share

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

	2014 $	2013 $
Profit/(Loss) attributable to the owners of the Company used in calculating basic and diluted profit/(loss) per share	**(1,042,822)**	(4,597,800)

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

	2014 Number	2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**62,195,073**	55,100,004

(c) Information on classification of options

As the Company has made a loss for the year ended 30 June 2014, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

16. Commitments

(a) Exploration Commitments

The Company must maintain current rights of tenure to tenements, which requires outlays of expenditure in 2014/15. Under certain circumstances these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations however they are expected to be fulfilled in the normal course of operations.

Estimated expenditure on mining, exploration and prospecting leases for 2014/15:

	2014 $	2013 $
	1,287,334	1,712,000

(b) Capital Commitments

There are no capital expenditure commitments for the Company as at 30 June 2014.

(c) Lease Commitments: Company as Lessee

The Company leases its office under a non-cancellable operating lease expiring within two (2) years. The lease contains options to renew terms up to three (3) years commencing on the expiry date. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2014 $	2013 $
Within one (1) year	**76,601**	74,000
Later than one (1) year but not later than five (5) years	**65,422**	129,500
	142,023	203,500

17. 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**), as amended on 20 June 2014, the Company, whilst it holds certain tenement licences, must pay to the Indigenous Party an annual fee. The fee is payable within seven (7) days of each anniversary of the date of the MELA Agreement and comprises an amount of $200,000 indexed for CPI (All Groups) pro rata to the proportion of land held at the anniversary date compared to that held at the commencement date of the MELA Agreement.

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 15% of its overall exploration expenditure in relation to the area the subject of the MELA Agreement for the previous year less the relevant annual fee payable for that year, where 15% of its overall exploration expenditure for the previous year is greater than the relevant annual fee payable for that year.

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

	2014 $	2013 $
Reconciliation of net loss after income tax to net cash flow from operating activities		
Net profit/(loss) for the year	**(1,042,822)**	(4,597,800)
Non-cash items		
Depreciation of non-current assets	**96,905**	79,189
Share-based payments expense	**-**	343,233
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(1,714,529)**	60,254
Increase/(decrease) in trade and other payables	**(549,022)**	(422,840)
Net cash inflow/(outflow) from operating activities	**(3,209,468)**	(4,537,964)

19. Share-based payments

(a) Employee share options

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

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

	2014		2013	
	Number	Weighted average exercise price cents	Number	Weighted average exercise price cents
Outstanding at the beginning of the year	**8,400,000**	**34.5**	6,000,000	27.5
Granted	**-**	**-**	2,500,000	50.00
Forfeited/cancelled	**-**	**-**	(100,000)	50.00
Outstanding at year end	**8,400,000**	**32.3**	8,400,000	34.5
Exercisable at year end	**8,400,000**	**32.3**	(i) 2,400,000	34.5

Notes

(i) 6,000,000 options held by directors escrowed until 20 April 2014.

No options were exercised or expired during the year ended 30 June 2014.

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.0 years (2013: 3.0 years) and the exercise prices ranged from 23.1 cents to 50 cents (2013: 25 cents to 50 cents). The weighted average fair value of the options granted during the year was Nil (2013: 14.4 cents).

The Company changed the exercise prices of some options during the year. The impact on the fair value of the options immediately before and after the modification was insignificant.

(b) Expenses arising from share-based payment transactions

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

	2014 $	2013 $
Share-based payment expenses recognised for options granted	-	363,367
Share-based payment expenses reversed for options lapsed	-	(20,134)
	-	343,233

20. Key management personnel transactions

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

	2014 $	2013 $
Short term benefits	**734,348**	734,640
Post-employment benefits	**24,996**	17,926
Share-based payments	-	286,340
	759,344	1,038,906

There were no loans to/from key management personnel during the year. Detailed remuneration disclosures are provided in the Remuneration Report on page 6.

21. Related party transactions

The Company had no transactions with related parties during the year except for payments to the key management personnel disclosed in the Remuneration Report on page 6.

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

22. Remuneration of auditor

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

(a) Audit services

	2014 $	2013 $
Rothsay Chartered Accountants – audit and review of financial reports	**20,500**	20,500
Total remuneration for audit services	**20,500**	20,500

(b) Non-audit services

There were Nil non-audit services provided by the auditor of the Company, Rothsay Chartered Accountants, during the year (2013: Nil).

23. Subsequent events

On 8 July 2014 the Company received a tax incentive refund of $1.78million for research and development expenditure incurred during 2012/13.

There were no other matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2014.

Directors' Declaration

The directors declare that:

- the Financial Statements comprising the *Statement of Profit or Loss and Other Comprehensive Income*, *Statement of Financial Position*, *Statement of Changes in Equity*, *Statement of Cash Flows* and accompanying notes set out on pages 19 to 36 are in accordance with the *Corporations Act 2001*, including:

  i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  ii. giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the financial year ended on that date;

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

- a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the *Notes to the Financial Statements*; and

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

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

On behalf of the directors

TOM SANDERS
Executive Chairman

Perth, 28 August 2014

ROTHSAY

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BREAKER RESOURCES NL

Report on the financial report

We have audited the accompanying financial report of Breaker Resources NL (the Company") which comprises the balance sheet as at 30 June 2014 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Audit opinion

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

a) (i) giving a true and fair view of the financial position as at 30 June 2014 and of its performance for the period ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

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

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of Breaker Resources NL for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Rothsay

Graham Swan
Partner

Dated 28 August 2014

Chartered Accountants