

Financial Report for the Half Year ended 31 December 2015

This Financial Report for the Half Year ended 31 December 2015 is to be read in conjunction with the Financial Report for the Year ended 30 June 2015 and any announcements made to the market during the half year ended 31 December 2015.

Corporate Directory

Board of Directors

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

Company Secretary

Miss Michelle Simson

Principal Place of Business & Registered Office

12 Walker Avenue
West Perth, Western Australia 6005

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

Auditors

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

Share Registry

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

Securities Exchange Listing

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

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Competent Person 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 officers of Breaker Resources NL and their services have been engaged by Breaker on an 80% of full time basis; they are both shareholders of 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' (JORC Code). 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.

Directors' Report

The directors of Breaker Resources NL (**Breaker**) herewith submit the financial report for the half year ended 31 December 2015. 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

Breaker Resources NL's objective is the discovery of large greenfields gold deposits. Its long-term exploration strategy focuses on the use of innovative multi-element geochemical techniques to identify new gold systems concealed by transported cover in unexplored parts of a world-class gold province, WA's Eastern Goldfields Superterrane in the Yilgarn Craton. The Company's research and development project activities augment this strategy.

During the period, the Company identified a large new greenfields gold system in an area of thin transported cover at its Lake Roe Gold Project, located 100km east of Kalgoorlie. The gold mineralisation, defined by reconnaissance aircore drilling, extends over a distance of 5.5km (Phase 1: 87 holes for 3,187m). The drilling returned a best intersection of 5m at 6.12g/t Au (incl. 2m at 14.42g/t Au and 1m at 22.44g/t Au) on drill hole spacing of 80m to 160m¹.

Given the quality of the results and the wide drill hole spacing of the first pass drilling, two additional phases of aircore drilling were completed in the December 2015 quarter to test the continuity, density and extent of the gold mineralisation in the southern part of the system (Phases 2 and 3). This drilling delivered many significant intersections over a wide area and 30% of the Phase 2 holes and 24% of the Phase 3 holes ended in +50ppb Au in relatively fresh rock with grades up to 12.87g/t gold².

Significantly, the drilling successfully clarified the broad controls on gold mineralisation, upgraded the geological continuity and enhanced the resource potential. Extensional drilling on a wider drill hole spacing extended the system to the south, identifying a new NE-trending structure in excess of 700m long with a best intersections of 4m at 3.88g/t Au and 2m at 5.56g/t Au³.

Importantly, the drilling demonstrated that the gold mineralisation occurs in a multiple, stacked configuration over a 2.2km x 1km area that is open in all dimensions. This significantly increases the potential ounces per vertical metre, enhancing the scope for possible open pit and underground mining. A 6,000m reverse circulation drill program targeting discovery commenced on 9 February 2016 and has the potential to transform the Company.

No field work was conducted on the Company's other projects during the reporting period. Large-scale soil anomalies and strategic targets remain highly prospective but are higher risk due to the presence of significant transported cover. Planning was undertaken for an aircore drilling program to occur subsequent to the grant of E38/3019 at the Duketon North Project where an orientation soil survey identified a coherent 4km x 1.2km soil anomaly (+3ppb gold cut-off) that is associated with anomalous molybdenum, arsenic, copper and lead⁴. Efforts to locate the bedrock gold source of the large anomalies at the Dexter Project continue with further drilling at these prospects contemplated, potentially with a joint venture partner to accelerate progress.

On 17 September 2015 Breaker announced the conduct of a pro rata renounceable entitlement issue on the basis of one new share for every five shares held at the record date, at an issue price of \$0.04. The issue was subsequently confirmed as fully underwritten and a prospectus lodged with ASIC and ASX on 18 September 2015.

The record date was 28 September 2015 and the offer closed on 13 October 2015, with the amount raised totalling \$553,943 before costs. It is intended that funds will be used, primarily, to undertake drilling at the Lake Roe Project, as well as exploration activities at the Company's other projects.

As at the date of this report, the Company's capital structure comprises:

- ✦ 82,718,883 fully paid ordinary securities (ASX: BRB);
- ✦ 6,887,498 partly paid shares (paid up to \$0.01; fully paid at \$0.20) (ASX: BRBCA); and
- ✦ 8,000,000 unlisted options (various exercise prices and expiry dates).

Subsequent to the reporting period, the Company received a cash rebate under the federal government's Research & Development Incentive Scheme of \$507,439 relating to activities undertaken during 2014/15.

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 2015.

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, 10 March 2016

¹ ASX Release 31 October 2015; ² ASX Releases 30 December 2015/15 February 2016; ³ ASX Release 29 January 2016

⁴ ASX Release 31 July 2015

ROTH SAY

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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 31 December 2015 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graham Swan (Lead auditor)

Rothsay Auditing

Dated 10 March 2016



**Chartered
Accountants**

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

Condensed Statement of Profit or Loss and Other Comprehensive Income for the Half Year ended 31 December 2015

	Notes	31 December 2015 \$	31 December 2014 \$
Revenue			
Government grant and incentive		-	926,686
Interest income	3	18,464	24,119
Other income		-	59
Total Revenue		18,464	950,864
Expenditure			
Administration expense		(148,592)	(201,599)
Depreciation	3	(45,522)	(47,106)
Employee benefits	3	(73,008)	(80,975)
Exploration and evaluation expenses		(972,936)	(841,826)
Interest expense		-	(86)
Total expenditure		(1,240,058)	(1,171,592)
Loss before income tax		(1,221,594)	(220,728)
Income tax expense		-	-
Loss for the period		(1,221,594)	(220,728)
Other comprehensive income		-	-
Total comprehensive expense for the period		(1,221,594)	(220,728)
Basic and diluted loss per share attributable to the ordinary equity holders of the Company (cents per share)		(1.64)	(1.28)

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

Condensed Statement of Financial Position as at 31 December 2015

	Notes	31 December 2015 \$	30 June 2015 \$
Current assets			
Cash and cash equivalents		692,589	1,209,437
Term deposit		30,000	30,000
Trade and other receivables		82,178	51,483
Other financial assets		36,410	36,410
Total current assets		<u>841,177</u>	<u>1,327,330</u>
Non-current assets			
Plant and equipment		51,007	96,528
Total non-current assets		<u>51,007</u>	<u>96,528</u>
Total assets		<u>892,184</u>	<u>1,423,858</u>
Current liabilities			
Trade and other payables		323,887	130,065
Total current liabilities		<u>323,887</u>	<u>130,065</u>
Total liabilities		<u>323,887</u>	<u>130,065</u>
Net assets		<u>568,297</u>	<u>1,293,793</u>
Equity			
Contributed equity	5	10,239,848	9,743,750
Reserve		412,640	412,640
Accumulated losses		(10,084,191)	(8,862,597)
Capital and reserve attributable to owners of the Company		<u>568,297</u>	<u>1,293,793</u>
Total equity		<u>568,297</u>	<u>1,293,793</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 2015

	Contributed Equity \$	Share- based Payments Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2014	9,743,749	469,533	(8,024,722)	2,188,560
Profit/(Loss) for the period	-	-	(220,728)	(220,728)
Total comprehensive income/(expense) for the period	-	-	(220,728)	(220,728)
Transactions with owners in their capacity as owners:				
Shares issued during the period	1	-	-	1
Balance at 31 December 2014	9,743,750	469,533	(8,245,450)	1,967,833
Balance at 1 July 2015	9,743,750	412,640	(8,862,597)	1,293,793
Profit/(Loss) for the period	-	-	(1,221,594)	(1,221,594)
Total comprehensive income/(expense) for the period	-	-	(1,221,594)	(1,221,594)
Transactions with owners in their capacity as owners:				
Shares issued during the period	553,943	-	-	553,943
Shares issue costs	(57,845)	-	-	(57,845)
Balance at 31 December 2015	10,239,848	412,640	(10,084,191)	568,297

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 2015

	31 December 2015 \$	31 December 2014 \$
Cash flows from operating activities		
Payments to suppliers and employees	(248,071)	(375,650)
Payments for exploration and evaluation expenditure	(783,339)	(969,726)
R&D tax incentive received	-	2,707,833
Interest received	18,464	24,119
Interest paid	-	(86)
Net cash inflow/(outflow) from operating activities	<u>(1,012,946)</u>	<u>1,386,490</u>
Cash flows from investing activities		
Change in term deposit	-	(700,000)
Net cash inflow/(outflow) from investing activities	<u>-</u>	<u>(700,000)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	553,943	1
Payments of share issue costs	(57,845)	-
Repayment of borrowings	-	(5,336)
Net cash inflow/(outflow) from financing activities	<u>496,098</u>	<u>(5,335)</u>
Net increase/(decrease) in cash and cash equivalents	(516,848)	681,155
Cash and cash equivalents at the beginning of the period	1,209,437	457,575
Cash and cash equivalents at the end of the period	<u>692,589</u>	<u>1,138,730</u>

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

Notes to the Condensed Financial Statements for the Half Year ended 31 December 2015

1. Significant Accounting Policies

(a) Statement of compliance

The half year financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations (**Standards**) issued by the Australian Accounting Standards Board (**AASB**), in particular AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

(b) Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's Financial Report for the Year ended 30 June 2015, except for the impact of the Standards described below. These accounting policies are consistent with the Standards and with International Financial Reporting Standards.

(c) Adoption of new and revised accounting standards

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 half year.

New and revised Standards and amendments thereof effective for the current half year that are relevant to the Company include:

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

This standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations.

The adoption of amending Standards does not have any impact on the disclosures or the amounts recognised in the Company's financial statements.

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 2015 \$	31 December 2014 \$
Segment revenue	-	926,686
<i>Reconciliation of segment revenue to total revenue before tax:</i>		
Interest income and other income	18,464	24,178
Total revenue	18,464	950,864
Segment result	(972,936)	84,860
<i>Reconciliation of segment result to net loss before tax:</i>		
Depreciation	(45,522)	(47,106)
Other corporate and administration net expenses	(203,136)	(258,482)
Net profit/(loss) before income tax	(1,221,594)	(220,728)
	31 December 2015 \$	30 June 2015 \$
Segment operating assets	42,706	81,557
<i>Reconciliation of segment operating assets to total assets:</i>		
Other corporate and administration assets	849,478	1,342,301
Total assets	892,184	1,432,858
Total assets includes additions to non-current assets	-	-
Segment operating liabilities	282,480	92,884
<i>Reconciliation of segment operating liabilities to total liabilities:</i>		
Other corporate and administration liabilities	41,407	37,181
Total liabilities	323,887	130,065

3. Revenue and Expenses

Loss for the half year includes the following revenue and expense items:

	31 December 2015 \$	31 December 2014 \$
Interest income	18,464	24,119
Depreciation	(45,522)	(47,106)
Employee benefits		
✦ Wages, salaries and superannuation	(40,209)	(43,623)
✦ Directors' fees	(32,000)	(32,000)
✦ Other	(799)	(5,352)
Exploration expenditure	(972,936)	(841,826)

4. Dividends

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

5. Equity Securities Issued

	31 December 2015 Number	31 December 2014 Number	31 December 2015 \$	31 December 2014 \$
Movement of ordinary shares:				
Beginning balance	68,875,008	68,875,005	9,743,750	9,674,874
Issued during the period, net of transaction costs	13,843,875	3	496,098	1
Ending balance:	<u>82,718,883</u>	<u>68,875,008</u>	<u>10,239,848</u>	<u>9,674,875</u>
Movement of partly paid shares:				
Beginning balance	6,887,498	6,887,498	68,875	68,875
Issued during the period	-	-	-	-
Ending balance	<u>6,887,498</u>	<u>6,887,498</u>	<u>68,875</u>	<u>68,875</u>

Movement of options:

The Company had 8,000,000 options on issue at 31 December 2015. There were no changes during the period.

6. 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 2015 \$	30 June 2015 \$
Within one year	905,250	905,250

Lease Commitments:

The Company leases its office under a non-cancellable operating lease which will expire in the next 12 months. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	31 December 2015 \$	30 June 2015 \$
Within one year	19,627	65,422
Later than one (1) year but not later than five (5) years	-	-
	<u>19,627</u>	<u>65,422</u>

7. 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. Since the commencement of the MELA Agreement, the land area held has been substantially reduced.

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.

8. Related Party Transactions

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

During the period the Company paid a total of \$110,802 to Goldfields Geological Associates in exchange for Mr Thomas Sanders' services. The amount also included the reimbursement to him for other Company expenses.

9. Subsequent Events

In January 2016 the Company received a cash rebate under the federal government's Research & Development Incentive Scheme of \$507,439 relating to activities undertaken during 2014/15.

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 on the state of the affairs of the Company in the financial period subsequent to 31 December 2015.

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 section 303(5) of the *Corporations Act 2001*.

On behalf of the directors



TOM SANDERS
Executive Chairman

Perth, 10 March 2016



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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 2015.

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 2015 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 2015 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 Auditing

Graham R Swan
Partner

Dated 10 March 2016

**Chartered
Accountants**

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