

Financial Report for the Half Year ended 31 December 2018

This Financial Report for the Half Year ended 31 December 2018 is to be read in conjunction with the Financial Report for the Year ended 30 June 2018 and any announcements made to the market during the half year ended 31 December 2018.

Corporate Directory

Board of Directors

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

Company Secretary

Miss Michelle Simson

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

Share Registry

Automic Registry Services
Level 2, 267 St George's Terrace
Perth, Western Australia 6000

Securities Exchange Listing

Fully Paid 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.

The information in this report that relates to the Mineral Resource and Exploration Target is based on information announced to the ASX on 6 September 2018. Breaker confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Directors' Report

The directors of Breaker Resources NL (**Breaker**) herewith submit the financial report for the half year ended 31 December 2018. 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
- ✦ Mr Linton Putland

Messrs Sanders, Edwards and Kitney held office during and since the end of the half year. Mr Putland was appointed as a director on 16 August 2018 and remains a director at the date of this report.

Review of Operations

During the reporting period, the Company maintained its focus on the Lake Roe Gold Project, releasing an updated Resource of 1.1Moz¹ and undertaking an aggressive program of resource definition and extensional drilling.

The 100%-owned Lake Roe Project is located approximately 100km east of Kalgoorlie in WA's eastern goldfields. Drilling in the period was undertaken with two reverse circulation (**RC**) rigs and two diamond rigs (309 holes for 45,925 metres) and identified new lodes which extended the Bombora deposit at Lake Roe to the north, south, east and at depth.

In early September 2018 the Company announced an updated Resource, confirming that the Bombora deposit is an important greenfields discovery with high gold endowment, obvious mining potential and camp-scale growth potential. The update represented a 74% increase in ounces from the maiden Resource released in April 2018².

Table: Lake Roe Project Bombora Deposit Mineral Resource September 2018

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

Notes:

- Reported at 0.5 g/t Au cutoff
- All figures rounded to reflect the appropriate level of confidence (apparent differences may occur due to rounding)

Importantly, the Resource includes a high-grade core of 808,000oz at 2.0g/t Au (12.5Mt reported above 1.0g/t Au) or 417,000oz at 3.4g/t Au (3.9Mt reported above 2.0g/t Au)³. The Resource is also limited at depth by the extent of the shallow drilling completed at the time (150m to 250m from surface) and open to the north and south.

Highlight intersections⁴ received during the period, a number of which are not incorporated into the September 2018 Resource update, include:

- BBRC0937 35m @ 3.83g/t Au (incl. 5m @ 10.96g/t and 10m @ 6.09g/t)
- BBDD0067 22m @ 3.12g/t Au (incl. 5m @ 12.38g/t) and 5.4m @ 3.01g/t
- BBRD0787 45m @ 2.14g/t Au (incl. 17m @ 3.23g/t and 7m @ 4.31g/t)
- BBRC0901 4m @ 13.70g/t Au and 12m @ 2.44g/t Au
- BBRC0784 6m @ 4.31g/t Au (incl. 1m @ 17.26g/t) and 5m @ 3.58g/t Au
- BBRC0925 12m @ 3.40g/t Au (incl. 4m @ 8.22g/t)
- BBRC1020 9m @ 13.86g/t Au (incl. 4m @ 29.99g/t)
- BBRD1146 4m @ 20.3g/t Au from 84m
- BBDD0078 15m @ 4.99g/t Au (incl. 11.1m @ 6.26g/t)
- BBRC0995 4m @ 10.79g/t Au

The drilling completed during the period extended the Bombora deposit strike length to 2.5km and diamond drilling delivered the deepest intersection to date, increasing the depth potential of the project. Collectively, the results indicate that the outer limit of potential open pit mining is likely to continue expanding along strike, at depth and to the east. The results also increase the potential for long-term high-grade underground mining.

The current drilling is seeking to define the outer limits of an open pit, which will in turn enable completion of a Pre-Feasibility Study (**PFS**). PFS activities during the reporting period included baseline environmental studies (flora, fauna and vegetation surveys, soil assessment and waste characterisation analysis), as well as geotechnical and hydrological studies and metallurgical testwork.

In November 2018 the Company announced the results from a maiden RC drilling program at the Manna Lithium Prospect, which is located 15km south-southwest of Bombora at Lake Roe. First-pass rock chip sampling undertaken in late 2017/early 2018 identified widespread enrichment in lithium, tantalum and niobium⁵. Subsequent geological mapping confirmed the presence of a spodumene-rich, lithium-cesium-tantalum (**LCT**) pegmatite system over a 3.4km x 1.0km area⁶.

Drill holes targeting the outcropping pegmatite all returned high-grade intercepts of spodumene-hosted lithium mineralisation with intersections including 17m at 1.80% Li₂O (BMRC0009), 14m at 1.03% Li₂O (BMRC0001) and 9m at 1.60% Li₂O (BMRC0002)⁷. The drilling indicates a 150m- to 200m-wide swarm of spodumene-rich dykes extending over a distance of at least 700m, with individual pegmatites up to 15m in (true) width. Other holes identified new mineralisation (up to 4m at 1.65% Li₂O in BMRC0008⁸).

The results highlight the potential for a large, previously unexplored field of LCT pegmatite. Further low-level steps (preliminary metallurgy, soil geochemistry) are planned or in progress to gauge the size and economic potential of the discovery to assist formulating a strategy for monetising in a way that yields the maximum benefit to the Company's core focus on gold.

As at 31 December 2018, the Company held approximately 987km² of tenements comprising nine granted exploration licences and one mining lease application across the Lake Roe, Pinjin and Ularring Rock Project areas. The Lake Roe mining lease was granted on 20 February 2019.

On a corporate level, in September 2018 the Company completed an over-subscribed capital raising comprising a placement to institutional and sophisticated investors. Fully paid ordinary shares numbering 36,537,898 were issued at a price of 29 cents, raising a total of \$10.5million before costs. Other equity movements during the period include the paying up of partly paid shares and the issue of unlisted options to two directors following shareholder approval at the annual general meeting, which was held on 22 November 2018.

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

- 182,689,492 fully paid ordinary shares (ASX: BRB);
- 4,615,373 partly paid ordinary shares (ASX: BRBCA); and
- 9,900,000 unlisted options at various exercise prices and expiry dates.

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 4 and forms part of the Directors' Report for the half year ending 31 December 2018.

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, 14 March 2019

¹ ASX Release 6 September 2018

² ASX Release 18 April 2018

³ ASX Release 6 September 2018

⁴ ASX Releases 31 October 2018 & 31 January 2019

⁵ ASX Release 30 April 2018

⁶ ASX Releases 13 November 2018 & 31 January 2019

⁷ ASX Releases 13 November 2018 & 31 January 2019

⁸ ASX Releases 13 November 2018 & 31 January 2019



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

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

Dear Sirs

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

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2018 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'G Swan'.

Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 14 March 2019



Liability limited by a scheme approved under Professional Standards Legislation

**Condensed Statement of Profit or Loss and
Other Comprehensive Income
for the Half Year ended 31 December 2018**

	Notes	31 December 2018 \$	31 December 2017 \$
Revenue			
Interest income		30,751	54,122
Other income		7,000	42,090
Total revenue		37,751	96,212
Expenditure			
Administration expense		(392,313)	(299,527)
Depreciation		(81,019)	(45,842)
Employee benefits		(143,932)	(117,250)
Exploration and evaluation expenses		(7,220,442)	(6,883,178)
Share-based payment expense		(724,580)	(64,737)
Total expenditure		(8,562,286)	(7,410,534)
Profit/(Loss) before income tax		(8,524,535)	(7,314,322)
Income tax expense		-	-
Net profit/(loss) for the period		(8,524,535)	(7,314,322)
Other comprehensive income		-	-
Total comprehensive income/(expense) for the period		(8,524,535)	(7,314,322)
Basic and diluted profit/(loss) per share attributable to the ordinary equity holders of the Company (cents per share)		(5.21)	(5.26)

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 2018**

	Notes	31 December 2018 \$	30 June 2018 \$
Current assets			
Cash and cash equivalents		1,613,875	5,173,422
Term deposits		5,250,000	-
Trade and other receivables		435,143	295,703
Other financial assets		70,390	70,390
Prepaid service		5,502	12,103
Total current assets		7,374,910	5,551,618
Non-current assets			
Plant and equipment		494,964	460,119
Total non-current assets		494,964	460,119
Total assets		7,869,874	6,011,737
Current liabilities			
Trade and other payables		849,562	1,227,956
Total current liabilities		849,562	1,227,956
Total liabilities		849,562	1,227,956
Net assets		7,020,312	4,783,781
Equity			
Contributed equity	4	47,087,737	37,051,251
Reserve		1,864,694	1,140,114
Accumulated losses		(41,932,119)	(33,407,584)
Capital and reserve attributable to owners of the Company		7,020,312	4,783,781
Total equity		7,020,312	4,783,781

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 2018**

	Contributed Equity \$	Share- based Payments Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2017	25,342,430	1,817,586	(20,078,191)	7,081,825
Profit/(Loss) for the period	-	-	(7,314,322)	(7,314,322)
Total comprehensive income/(expense) for the period	-	-	(7,314,322)	(7,314,322)
Shares issued during the period	12,100,725	-	-	12,100,725
Share issue costs	(583,091)	-	-	(583,091)
Options issued as share-based payments during the period	-	64,737	-	64,737
Options lapsed or expired during the period	-	(71,337)	71,337	-
Balance at 31 December 2017	36,860,064	1,810,986	(27,321,176)	11,349,874
Balance at 1 July 2018	37,051,251	1,140,114	(33,407,584)	4,783,781
Profit/(Loss) for the period	-	-	(8,524,535)	(8,524,535)
Total comprehensive income/(expense) for the period	-	-	(8,524,535)	(8,524,535)
Shares issued during the period	10,605,440	-	-	10,605,440
Share issue costs	(568,954)	-	-	(568,954)
Options issued as share-based payments during the period	-	724,580	-	724,580
Balance at 31 December 2018	47,087,737	1,864,694	(41,932,119)	7,020,312

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 2018

	31 December 2018 \$	31 December 2017 \$
Cash flows from operating activities		
Payments to suppliers and employees	(662,427)	(466,373)
Payments for exploration and evaluation expenditure	(7,648,326)	(5,989,274)
Other income received	7,000	42,090
Interest received	30,751	54,122
Net cash inflow/(outflow) from operating activities	<u>(8,273,002)</u>	<u>(6,359,435)</u>
Cash flows from investing activities		
Payments for plant and equipment	(73,031)	(102,576)
Receipt from term deposits	-	3,654,180
Payments for term deposits	(5,250,000)	(10,819,658)
Net cash inflow/(outflow) from investing activities	<u>(5,323,031)</u>	<u>(7,268,054)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	10,605,440	11,366,000
Payments of share issue costs	(568,954)	(583,091)
Net cash inflow/(outflow) from financing activities	<u>10,036,486</u>	<u>10,782,909</u>
Net increase/(decrease) in cash and cash equivalents	(3,559,547)	(2,844,580)
Cash and cash equivalents at the beginning of the period	5,173,422	3,806,916
Cash and cash equivalents at the end of the period	<u>1,613,875</u>	<u>962,336</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 2018

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 2018, 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 9 'Financial Instruments and related amending standards'

The Company has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Standards that are effective for an annual period that begins on or after 1 January 2018.

The application of AASB 9 has had no impact on the Company's financial statements.

1. Significant Accounting Policies (continued)

(c) Adoption of new and revised accounting standards (continued)

AASB 2016-5 'Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions'

The Company has adopted AASB 2016-5 for the first time in the current period. The amendments clarify the following:

- In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity settled share-based payments;
- Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, ie. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature;
- A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
 - ✦ The original liability is derecognised;
 - ✦ The equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date;
 - ✦ Any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

At the date of authorisation of the financial statements, the Company has not applied the following applicable new and revised Standards and amendments that have been issued but are not yet effective:

- AASB 16 'Leases', effective for annual reporting periods beginning on or after 1 January 2019, expected to be initially applied in the financial year ending 30 June 2020;
- AASB 2018-1 'Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle', effective for annual reporting periods beginning on or after 1 January 2019, expected to be initially applied in the financial year ending 30 June 2020;
- AASB 2018-3 'Amendments to Australian Accounting Standards – Reduced Disclosure Requirements', effective for annual reporting periods beginning on or after 1 January 2019, expected to be initially applied in the financial year ending 30 June 2020;
- AASB 2018-7 'Amendments to Australian Accounting Standards – Definition of Material', effective for annual reporting periods beginning on or after 1 January 2020, expected to be initially applied in the financial year ending 30 June 2021.

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 2018 \$	31 December 2017 \$
Segment revenue	-	30,000
<i>Reconciliation of segment revenue to total revenue before tax:</i>		
Other income	7,000	12,090
Interest income and other income	30,751	54,122
Total revenue	37,751	96,212
Segment result	(7,220,442)	(6,883,178)
<i>Reconciliation of segment result to net loss before tax:</i>		
Depreciation	(81,019)	(45,842)
Other corporate and administration net expenses	(1,223,074)	(385,302)
Net profit/(loss) before income tax	(8,524,535)	(7,314,322)
	31 December 2018 \$	30 June 2018 \$
Segment operating assets	439,216	399,309
<i>Reconciliation of segment operating assets to total assets:</i>		
Other corporate and administration assets	7,430,658	5,612,428
Total assets	7,869,874	6,011,737
Segment additions to non-current assets	111,464	240,782
Other corporate additions to non-current assets	4,400	64,441
Total additions to non-current assets	115,864	305,223
Segment operating liabilities	612,287	1,046,770
<i>Reconciliation of segment operating liabilities to total liabilities:</i>		
Other corporate and administration liabilities	237,275	181,186
Total liabilities	849,562	1,227,956

3. Dividends

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

4. Equity Securities Issued

	31 December 2018 Number	31 December 2017 Number	31 December 2018 \$	31 December 2017 \$
Movement of ordinary shares fully paid:				
Beginning balance	146,101,594	127,821,984	37,004,598	25,342,430
Issued during the period, net of transaction costs	36,587,898	17,273,360	10,036,986	11,517,634
Ending balance:	182,689,492	145,095,344	47,041,584	36,860,064
Movement of ordinary shares partly paid:				
Beginning balance	4,665,373	5,671,623	46,653	56,716
✕ Issued	-	-	-	-
✕ Paid up	(50,000)	-	(500)	-
Ending balance	4,615,373	5,671,623	46,153	56,716
Movement of unlisted options:				
Beginning balance	5,650,000	8,800,000		
✕ Issued	4,250,000	250,000		
✕ Exercised	-	-		
✕ Expired or Lapsed	-	(400,000)		
Ending balance	9,900,000	8,650,000		

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 \$0.40 and \$0.730 and expire between 30 June 2019 and 31 December 2021.

5. 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 2018 \$	30 June 2018 \$
Within one year	453,500	365,000

5. Commitments (continued)

Lease Commitments:

The Company leases its office under a non-cancellable operating lease. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	31 December 2018 \$	30 June 2018 \$
Within one year	14,800	45,551
Later than one (1) year but not later than five (5) years	-	-
	14,800	45,551

6. Related Party Transactions

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

7. Subsequent Events

There were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations on the state of the affairs of the Company in the financial period subsequent to 31 December 2018.

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 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, 14 March 2019



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

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 2018.

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 2018 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 2018 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 Swan FCA
Partner

Dated 14 March 2019



Liability limited by a scheme approved under Professional Standards Legislation