



BREAKER Resources NL

ABN: 87 145 011 178



2021 Annual Report



Corporate Directory

Board of Directors

Peter Cook	Non-Executive Chairman
Thomas Sanders	Managing Director
Mark Edwards	Non-Executive Director
Michael Kitney	Non-Executive Director
Linton Putland	Non-Executive Director
Eric Vincent	Non-Executive Director

Senior Management

Alastair Barker	Exploration Manager
Sarah Sutcliffe	Manager Corporate Affairs/Company Secretary
Michelle Simson	Joint 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

ABN

87 145 011 178

Cover photo: Diamond drilling at Bombora; Inside front cover: Breaker Resources employee logging core from diamond drilling at Bombora; Inside back cover: Aircore drilling at Lake Roe

Auditors

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

Solicitors

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

Hopgood Ganim
Level 27, 77 St George's Terrace
Perth, Western Australia 6000

Share Registry

Automic Registry Services
Level 5, 126 Phillip Street
Sydney, New South Wales 2000

Tel: 1300 288 664 (within Australia)
+61 2 9698 5414 (outside Australia)

Email: hello@automic.com.au
Website: www.automic.com.au

Securities Exchange Listing

Shares in Breaker Resources NL are quoted on ASX Limited (code: BRB). The Home Exchange is Perth, Western Australia.

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Chairman's Letter

Dear Shareholders,

It is my pleasure as your new Chairman to present you the Company's Annual Report for the period ending 30 June 2021.

Whilst my appointment of September 2021 supersedes the period of this report it is my responsibility and pleasure to present it to you.

I have keenly followed the Breaker story for some years with my first interest in this area arising from a joint research study between Mawson Pacific and CSIRO in the late 1980's focused on defining the Wilson's Fault which at that time was postulated to be the next big deep-seated suture in the earth's crust east of Kalgoorlie. At this time the legendary Geoff Stokes and Peter "Talkie" Newton had just discovered the Randall's style mineralisation in the Mt Belches beds which now forms the backbone of our neighbour's (Silver Lake) Salt Lake/Karonie Project. Nearly 30 years on it is most pleasing to see the emergence of this area beginning to take shape with substantial mineralisation spreading along the postulated Wilson's Fault zone from Randall's to east of Laverton.

I'm excited to join Breaker as its new Chairman and help guide the Company through the mire that leads to the development of these significant discoveries made by Breaker and the creation of wealth they can bring to our shareholders.

Looking at the year past, I have to acknowledge the extraordinary job that Tom Sanders and his wonderful exploration team have done. It may appear as a year of grind to shareholders but in my view substantial progress has been made and in-particular game changing discoveries of the deeper and primary high-grade drivers to the overall Bombora ore system has been made. It is my view that the significance of these and their impact on the overall Lake Roe Project will shine.

No exploration company can survive without the support of its shareholders, those that back our teams in scientific discovery of metals and mineralisation and their vectors toward creating real wealth for their shareholders. I am confident we have a terrific team aligned to that objective and on behalf of our whole Board and our management team we humbly thank you for your support and continued support. As the new Chairman of the Company and speaking for and on behalf of the previous Chairman, Tom Sanders who now fills the role of Managing Director, I can assure you our whole team goes to work every day to do their absolute best for you with the greatest respect for your interests as shareholders.

I refer you to the Directors' Reports for detail on the Company's results and outcomes over the past year.

Yours faithfully,



Peter Cook
Non-Executive Chairman

Review of Exploration Activities

Project Location/Setting

Breaker Resources NL's (ASX:BRB; **Breaker** or the **Company**) core focus is on a new greenfields gold district, situated between two operating gold mines, 100km east of Kalgoorlie, Western Australia.

The 100% owned 1.4Moz# Lake Roe Project is situated on the eastern margin of the Kalgoorlie-Kurnalpi Rift Zone. The margins of the Rift Zone are "high-flux" zones characterised by large gold deposits, strong deformation, steep metamorphic gradients, widespread, superimposed alteration episodes and abundant mantle-sourced intrusions (Figure 1; Witt et al. 2018).

The 700km² Lake Roe Project has good road and rail access from Kalgoorlie, and comprises one granted Mining Lease, ten Exploration Licences and one Exploration Licence application with 50km of prospective strike.

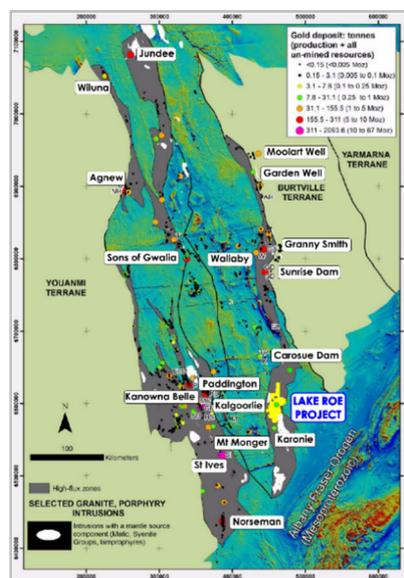


Figure 1: Lake Roe Gold in relation to High Flux Zones in the Kalgoorlie-Kurnalpi Rift

The main gold deposit at Bombora is a typical Archean lode gold deposit concealed by 5m-10m of transported cover. The closest geological analogy is the 62Moz Golden Mile deposit. Like the Golden Mile, the gold at Bombora occurs in three stacked mineralised fault (lode) orientations concentrated over a 150m-wide zone in the upper, iron-rich part of a fractionated (layered) dolerite. These deposits typically go to great depth.

The shallow gold at Bombora starts 5m from surface and extends over 3km in a single open pit configuration. This creates a favourable setting for large open pit mining, assisted by a 150m-wide mineralised zone, and a high gold endowment of 4,000 to 5,000oz per vertical metre arising from a high concentration of lodes.

2020-2021 Overview

It has been a successful 2020-21 reporting period and in the following months since.

Breaker's initial gold discovery at Bombora is now part of a 9km-long new gold district in a Tier 1 location with the noteworthy attributes of scale, grade and huge growth potential. This makes it a rare and highly desirable asset in an industry facing declining resources.

Breaker completed a total of 50,977m of diamond and Reverse Circulation (**RC**) drilling in the 2020/2021 financial year comprising 14,293m of diamond drilling and 36,684m of RC drilling.

Drilling is ongoing with two diamond rigs and one RC rig operating on a campaign basis depending on availability. The objective is to increase the Resource along strike and at depth and build the critical mass for a large new open pit and underground gold development.

The 2020-2021 drilling program focused on discovery and material extension outside the Resource in three main areas within the 9km gold system at Lake Roe (Figure 2):

- diamond drilling to scope and start to establish the high-grade potential below the Bombora open pit Resource;
- the Crescent-Kopai discovery 3km north of Bombora; and
- the Claypan and Carbineer areas, east of Bombora.

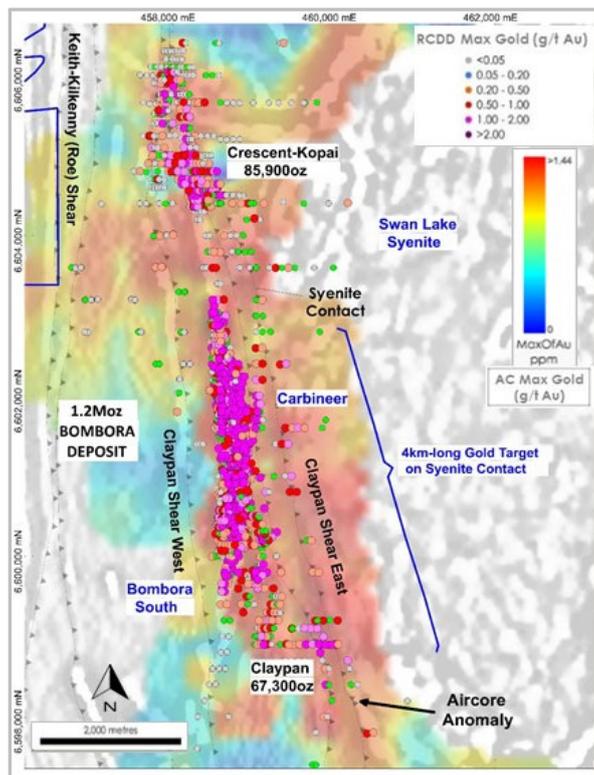


Figure 2: RC and Diamond Drilling colour-coded by Maximum Gold (g/t) on Aircore Maximum Gold Image and Aeromagnetics

The 2020-2021 drilling program was successful in each targeted area leading to maiden Resources in each area¹. In April 2021 an independent Mineral Resource Estimate by Optiro Pty Ltd (**Optiro**)² expanded the Lake Roe Resource by 40% to 1.37Moz[#], including maiden estimates in the Bombora Underground, Crescent-Kopai, and Claypan areas. Mineralisation remains open in each area and the next Resource update is planned for late in the December 2021 quarter, or early in the March 2022 quarter.

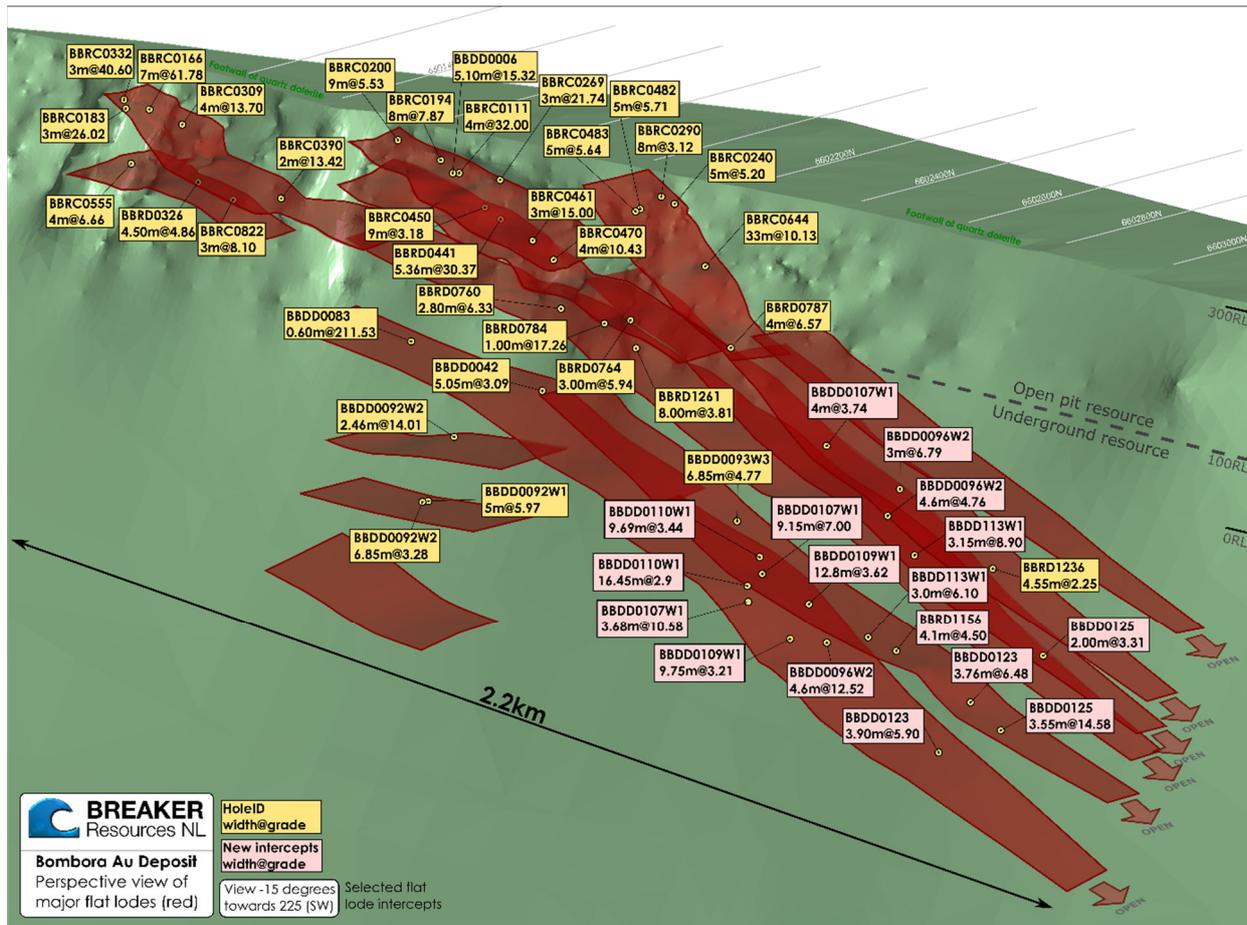
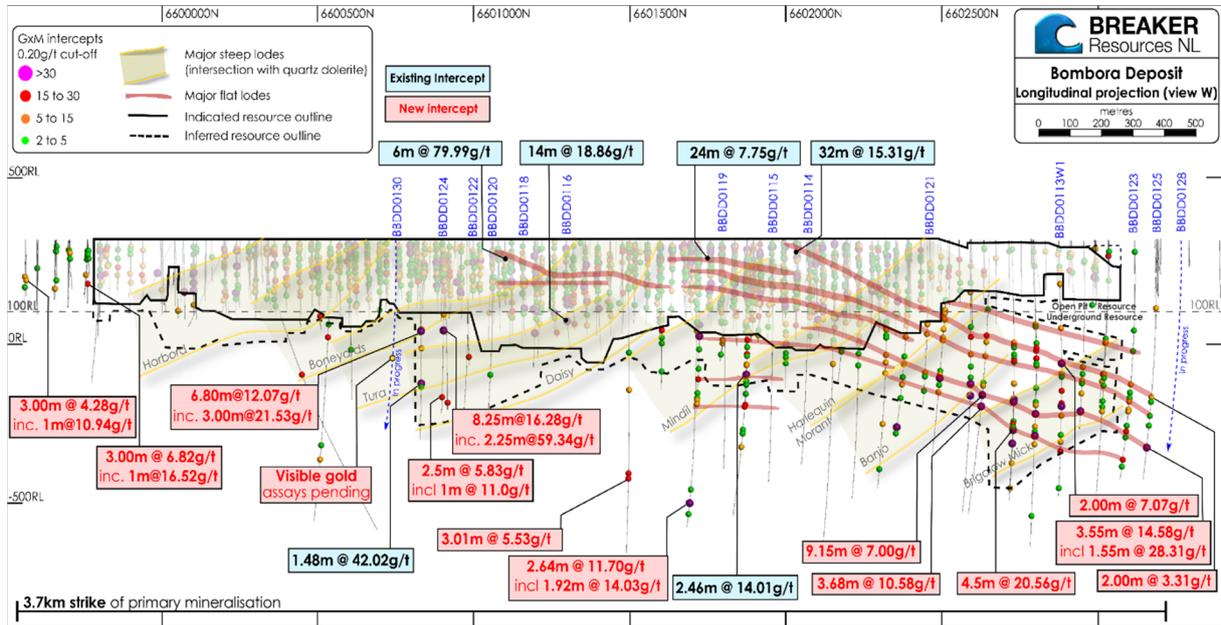
The April 2021 Resource update confirmed Bombora is part of a 9km gold system. High-grade extensional drilling results since then have established a clear path for further growth both along strike from Bombora and at depth.

During the year we confirmed that the three lode orientations at Bombora are part of a regular network of kilometric-scale faults. This is significant because it not only de-risks future mining, but opens up the discovery potential in several new areas including at depth, at the Carbineer Prospect, at the Bombora South Prospect, and along the magnetite-rich margin of the syenite to the east of Bombora (Figure 2).

Due to the large size of the underground target area at Bombora, the initial diamond drilling below the open pit Resource was undertaken on 320m-spaced sections, closing to 160m-spaced sections to pin down the location and extent of high-grade gold mineralisation. Infill drilling on 80m-spaced sections commenced in December 2020 and has since been generated strong, consistent multiple intersections, and upgrading the continuity of mineralisation in the process.

Drilling below the northern part of Bombora identified a 2.2km-long, 150m-wide zone array of game-changing, high-grade stacked flat lodes that are still open to the north (Figures 3 to 4). Results includes:

- 9.15m @ 7.00g/t Au in hole BBDD0107W1³ including 2m @ 26.15g/t from 558.85m; and
- 3.68m @ 10.58g/t Au in BBDD0107W1⁴ including 2.88m @ 13.03g/t from 607m.



Recent diamond drilling below in the central part of the deposit encountered high-grade gold on the sub-vertical Tura lode, which now extends 900m down-plunge with excellent scope for extensions to the south (Figure 5). Recent diamond drilling has returned multiple high-grade intercepts, including:-

- 8.3m @ 16.8 g/t Au from 310m in hole BBDD0124⁵ (estimated true width of 5.0m; Photo 1), and
- 6.8m @ 12.07g/t Au from 277m in hole BBDD0129⁶ (estimated true width of 3.4m), including 3m @ 21.53g/t Au from 280m

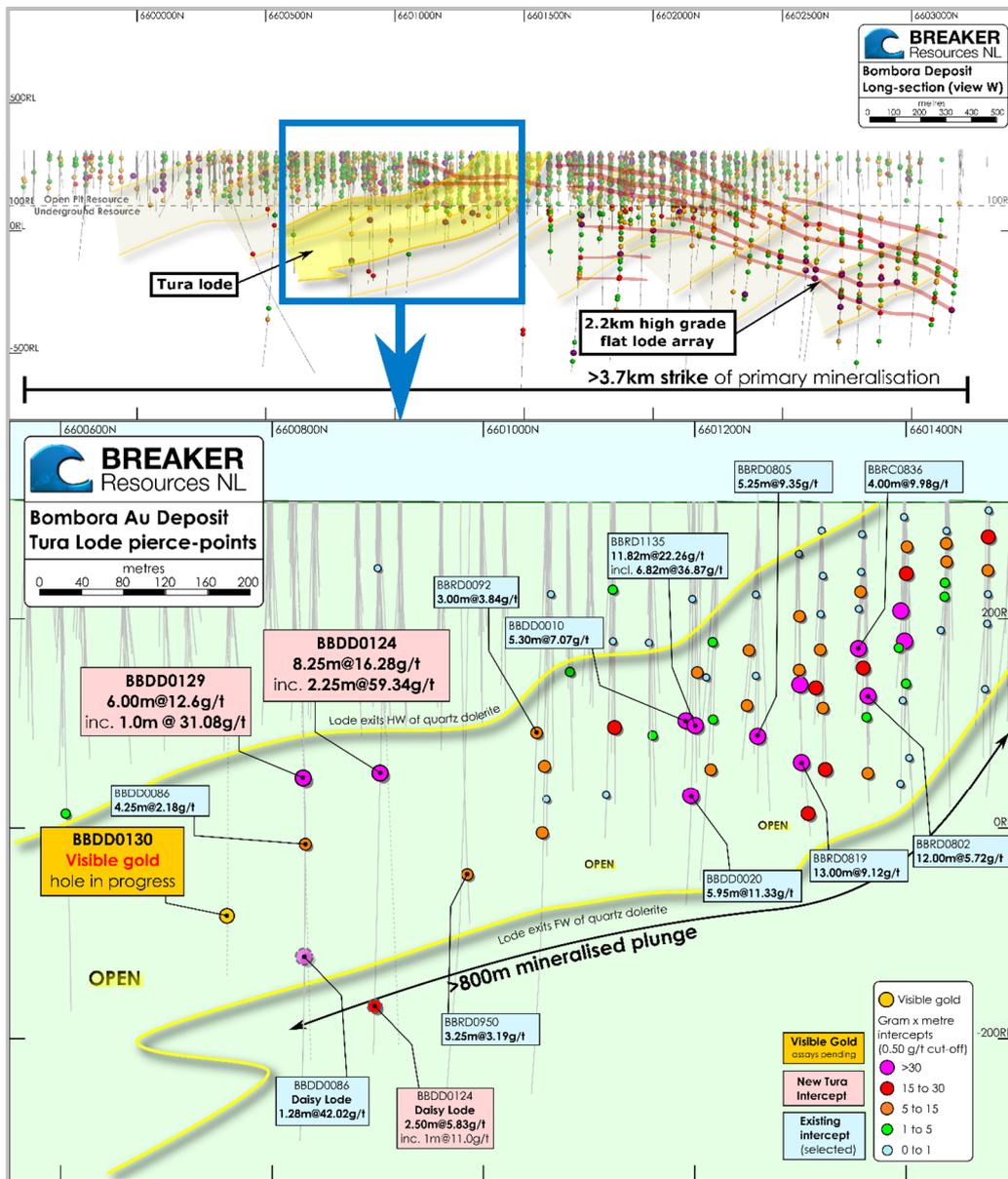


Figure 5: Long-section of Tura Steep Lode Looking West

There is also the emerging potential of other steeply dipping lodes such as Daisy and Brigalow Mick, and the known potential of the strike-extensive west-dipping lodes like Quarries.

The results at Bombora demonstrate clear potential for high-grade underground mining below a large, 3km-long, extensively de-risked open pit Resource, creating operational flexibility and signalling project longevity. Our objective to continue growing the Resource and develop a large, robust open pit and underground gold mine is well within sight.



Photo 1: Top: Tura steep lode with visible gold circled in red, BBDD0124 from 317.43m to 317.62m, half core;
Bottom: Tura steep with visible gold circled in red, BBDD0124 from 317.62m to 317.79m, full core

Mineral Resource Overview

The independent Mineral Resource estimate by Optiro resulted in a 40% increase in the Lake Roe Project Resource to 27.9 million tonnes at 1.5g/t Au for 1.37 million ounces (previously 0.98Moz @ 1.3g/t Au).⁷

The Mineral Resource comprised new or updated estimates in four areas (Table 1):

- (i) Bombora Underground (maiden);
- (ii) Crescent-Kopai (maiden), located 2km north of Bombora;
- (iii) Claypan (maiden), located 1km southeast of Bombora; and
- (iv) Bombora Open Pit (update);

Open Pit Resource Above 100mRL	Cut-off Grade (g/t Au)	Category	Tonnes	Grade (g/t Au)	Ounces Au	% Indicated
Bombora	0.5	Indicated	15,443,000	1.43	711,000	
		Inferred	2,286,000	1.2	92,000	
	Subtotal		17,729,000	1.4	803,000	89%
Crescent-Kopai	0.5	Inferred	2,818,000	0.9	86,000	
Claypan	0.5	Inferred	2,082,000	1.0	67,000	
		Total	22,629,000	1.3	956,000	74%
Underground Resource Below 100mRL	Cut-off Grade (g/t Au)	Category	Tonnes	Grade (g/t Au)	Ounces Au	% Indicated
Bombora	1.0	Indicated	809,000	2.58	67,000	
		Inferred	4,484,000	2.4	347,000	
	Total		5,293,000	2.4	414,000	16%
Total Bombora (Open Pit plus Underground)			23,022,000	1.6	1,217,000	64%
Lake Roe Mineral Resource		Grand Total	27,922,000	1.5	1,370,000	57%

Table 1: Lake Roe Mineral Resource

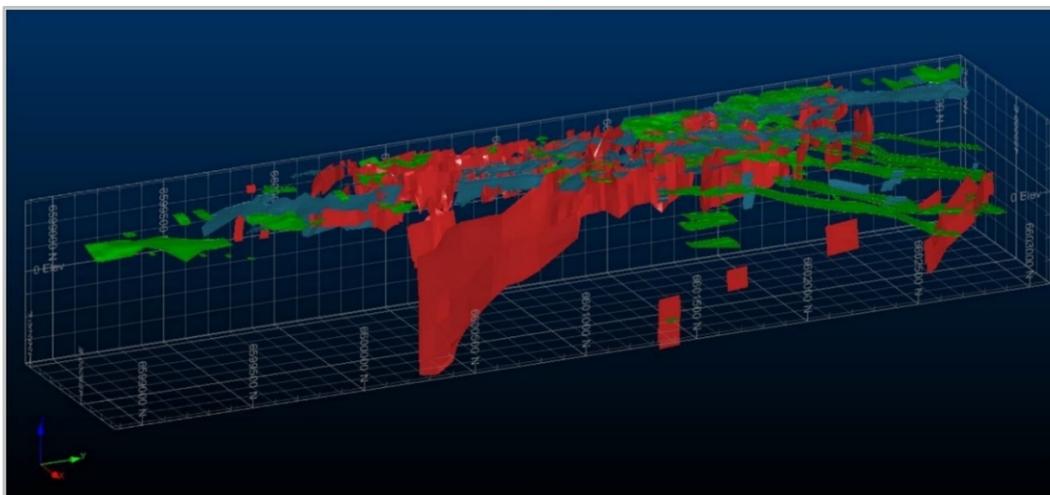


Figure 6: Oblique View of all Mineralisation Wireframes at Bombora
Red = steep lodes, Green = flat lodes, Blue = west lodes

Optiro's resource model was based on an independent-interpretation and wireframe modelling of the three lode types (steep, flat and west-dipping) guided by structural data from orientated drill core (Figures 6 to 8). The plan width of mineralised zones ranges from 2m to 15m for the steep lodes, up to ~150m for flat lying lodes and 1m to 10m for west-dipping lodes. Gold extends to at least 800m below surface, the deepest intersection to date.

Sixty one percent of the 389koz increase in contained gold (236koz)⁸ is from new high-grade lodes discovered below the Bombora open pit Resource. The maiden underground Resource at Bombora of 414,000oz, includes 187,000oz @ 4.8g/t Au (2g/t Au cut-off)⁹, confirming high-grade potential that is still growing based on strong drilling results following the April 2021 Resource estimate.

Thirty nine percent of the 389koz increase in contained gold (153koz) is from maiden estimates at the Crescent-Kopai (86koz) and Claypan (67koz) deposits¹⁰.

The reporting boundary between the open pit and underground Resource was adjusted 100m upwards to 100mRL (210m from surface). Reported in the same way as the 2 September 2019 open pit Resource update (above 0mRL), the open pit component of the Resource is within 1% of the previous, which used a more geostatistical approach (multiple indicator kriging).

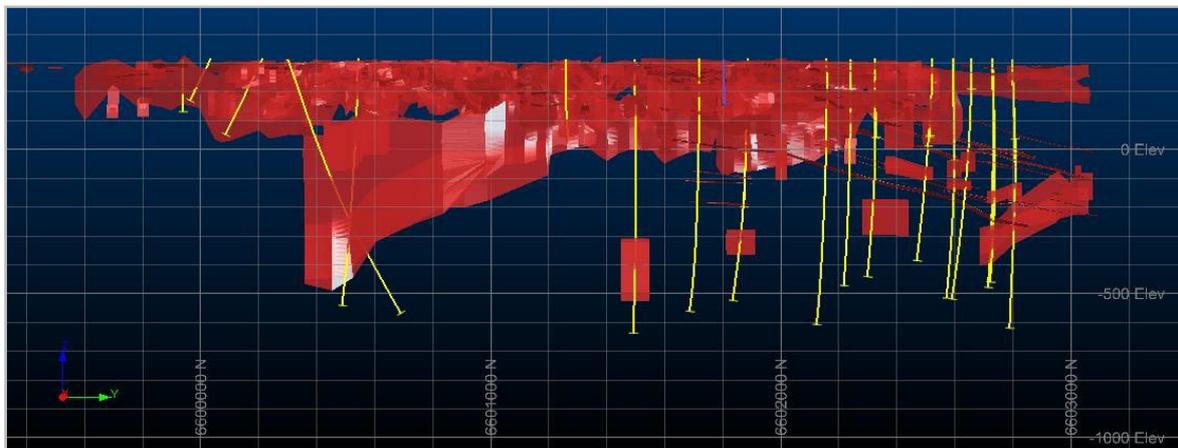


Figure 7: North-South Long Section Looking West, Showing New Drill Holes (yellow) at Bombora Used for Resource

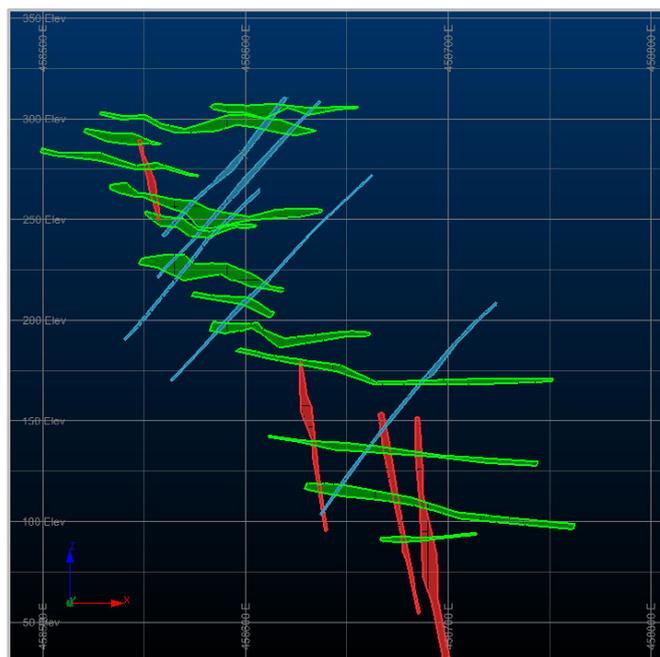


Figure 8: Cross-section 6602120N showing Flat, Steep and West-dipping Lodes

Crescent-Kopai Deposit

The Crescent-Kopai deposit is located 2km to the north of Bombora. Gold mineralisation occurs over a 1,700m by 300m area on the northern extension of the eastern branch of the Claypan Shear (Figure 2).

Gold is hosted mainly by dolerite and basalt and occurs within 1m–20m thick, flat-lying mineralised fault zones. Mineralisation is accompanied by quartz veining and silica, albite and pyrite alteration. The Mineral Resource starts at 10m below surface (base of cover) and extends to 160m below surface (maximum drill depth).

The main objective of the 2020-2021 RC and minimal diamond drilling was to establish the areal extent and nature of the mineralisation on a 40m x 20m drill pattern. The results indicate a significant satellite deposit that is still growing.

Mineralisation is open to the west, south and east. Several zones of higher grade shallow north-plunging ore shoots have been identified and follow-up drilling to target these structures is planned.

Claypan Deposit

The Claypan deposit is located 1km southeast of Bombora, near the eastern branch of the Claypan Shear, adjacent to the Swan Lake Syenite (Figure 2). Gold occurs in a flat, gently north-plunging mineralised shear over a 700m x 600m area. The Mineral Resource starts at 20m below the surface (base of cover) and extends to ~120m below the surface.

Drilling is at a preliminary level on a nominal drill spacing of 200m x 80m and comprises two drill lines with reconnaissance intersections along strike.

Gold in the flat, north-plunging mineralised faults is accompanied by shearing with variable amounts of quartz veining, and silica, biotite, chlorite and pyrite alteration. The on-section width of mineralisation ranges from 2m to 15m. The host rocks consist of a mixed package of steeply dipping basalt and dolerite with subordinate sediment and localised lamprophyre intrusions.

Mineralisation is open in all directions and selective drilling is planned to assess the potential for accompanying west-dipping lodes, and to test the projected extensions of the mineralisation into the magnetite-bearing syenite contact to the immediate east.

Carbineer Prospect

The Carbineer Prospect is located 400m-700m east of the Bombora deposit along the west-dipping Quarries Fault, adjacent to the eastern branch of the Claypan Shear Zone (Figure 2). Gold was identified in a structural repetition of the Bombora dolerite in mid-2020. Previous intersections include 45m @ 1.64g/t Au and 3.15m @ 4.57g/t Au¹¹.

Eleven reconnaissance RC drill holes were completed on a 200m x 80m spacing to pinpoint the gold-prospective quartz dolerite in preparation for follow-up drill targeting. The drilling returned wide, anomalous zones up to 2.54g/t Au¹², confirming 1km of mineralised strike potential. Mineralisation is associated with the west-dipping Quarries Fault corridor and includes (associated) flat structures as at Bombora. RC infill drilling is planned at Carbineer to quantify the resource potential.

Syenite Target

The magnetite-altered contact of the Swan Lake Syenite 700m to the east of Bombora is prospective for Wallaby-style (syenite-associated) gold mineralisation. This potential is supported by widespread gold, silver, tungsten and molybdenum anomalism in end-of-hole aircore drilling over a 12km strike, the magnetite-rich nature of the syenite contact, and the favourable structural setting.

BBRC1808 intersected mineralised syenite 300m to the east of Carbineer (up to 4m @ 0.69g/t Au¹³) further upgrading the gold potential of the syenite. Previous drilling in the syenite along strike identified grades up to 3.06g/t Au in the oxide zone¹⁴, and grades up to 0.74g/t Au in the primary zone accompanied by

magnetite-destructive silica-albite and carbonate alteration, shearing and quartz veining (BBRC1639; ASX Release 9 March 2021).

The RC and diamond drill hole coverage is minimal (Figure 2) however the available data suggests that the flat-dipping and west-dipping lode system at Bombora extends eastwards into the syenite.

Regional Targets

End-of-hole multi-element aircore geochemistry indicates the gold potential at Lake Roe extends over 30km and the Company will conduct further drilling in several areas. Several priority targets are evident:

- (i) Windward Prospect (historical RC results up to 20.8g/t Au; ASX Release Carnevale Resources Ltd, 13 December 2016);
- (ii) Mako Prospect extending south of Crescent;
- (iii) Corsair, Starboard and Booty Prospects (Figure 9).

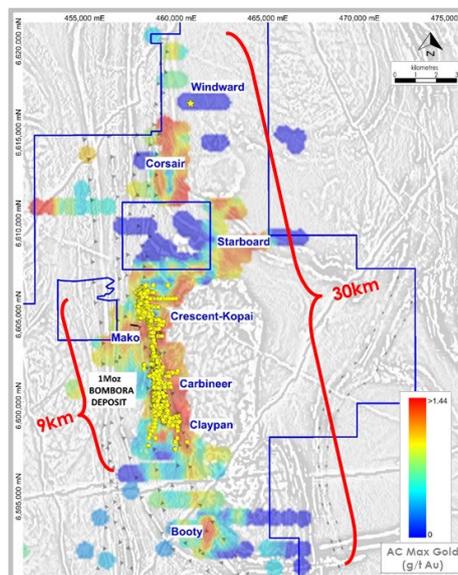


Figure 9: RC and Diamond Drilling Collars on Aircore Maximum Gold Image and Aeromagnetics

Manna Lithium Prospect

Breaker is taking steps to unlock hidden value from its Manna Lithium discovery located approximately 15km south of Bombora.

Outcropping lithium-bearing pegmatite was discovered in early 2018 while undertaking reconnaissance gold exploration. First-pass rock-chip sampling identified widespread enrichment in lithium (up to 3.81% Li₂O), tantalum (up to 366ppm Ta₂O₅) and niobium (up to 251ppm Nb₂O₅) and strong evidence of chemical zoning. Mapping and sampling during 2018/19 confirmed the presence of a spodumene-rich, lithium-cesium-tantalum (LCT) pegmatite system over a 3.4km x 1km area; an area which is constrained by outcrop limits and the extent of sampling (Figure 10).¹⁵

Five RC drill holes testing below the full extent of the 750m-long outcrop all returned multiple significant intercepts of high-grade Li₂O, up to 17m @ 1.80% Li₂O¹⁶. The RC drilling confirmed that the lithium intersection occurs in a 130m-wide zone of multiple dykes up to 17m wide that project to areas of outcrop at surface, a configuration potentially amenable to open pit mining.

Auger geochemical drilling to assess the potential size of the discovery (beyond the outcrop) show a coherent 5.0 x 1.5km, northeast-trending lithium anomaly centred on the Manna spodumene outcrop, demonstrating the significant scale and potential of the Manna pegmatite swarm.

Four diamond holes drilled in June 2019 for metallurgical sample confirmed the potential to produce high-grade, low impurity spodumene concentrates by heavy liquid separation¹⁷.

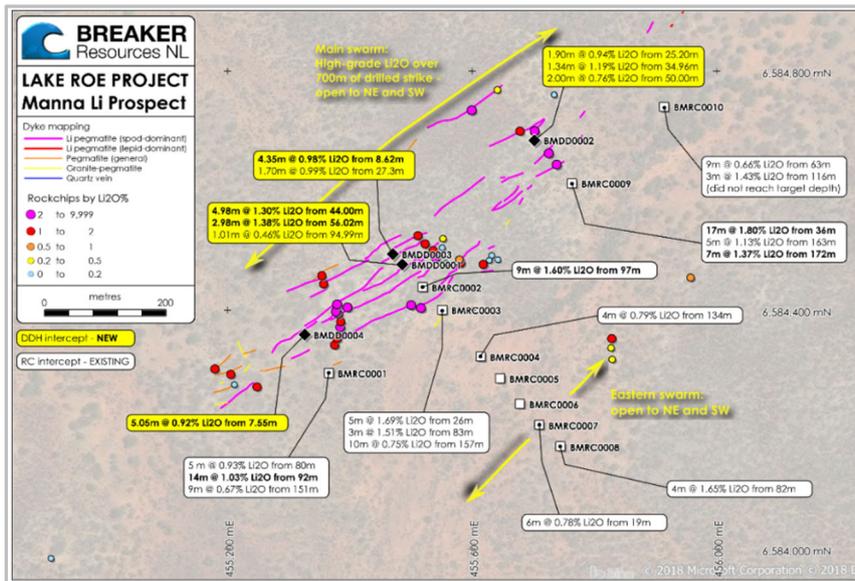


Figure 10: Manna Lithium Prospect Showing Drilling and Rock Chip Sampling and Mapped Spodumene Pegmatite

Collectively, the results highlight potential for a large, previously unexplored field of LCT pegmatite, with scope to establish a significant JORC Resource with limited further drilling.

In September 2021, Breaker completed a 2,000m RC drilling programme designed to confirm the geometry of the known spodumene-rich pegmatite, and to assess the growth potential of what is already a significant lithium-cesium-tantalum (LCT) pegmatite system. Assay results are pending.

Ularring Project

The 228km² Ularring Rock project is located 100km east of Perth (Figure 11).

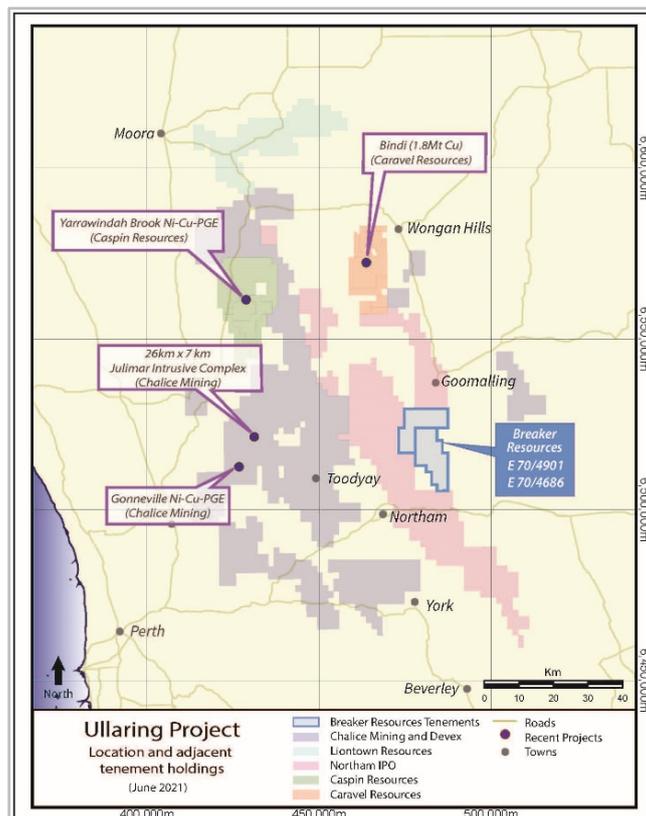


Figure 11: Ularring Project Location Plan

Breaker is taking steps to obtain clearances for exploratory drilling at this project which was the subject of a major review by the Company.

The project covers the Centre Forest and Southern Brook gold-copper prospects situated on a 7km long, NNW-trending zone of Au-in-soil anomalism (with coincident Cu-W-Mo-As) that overlies biotite-garnet gneisses with disseminated and quartz vein-hosted chalcopyrite-pyrrhotite mineralisation.

Centre Forest and Southern Brook have attracted most of the past exploration activity however both prospects have only had a limited amount of drilling. At Centre Forest, open file historical drill intersections of 61m at 0.81g/t Au (from the surface) and 25m at 0.46g/t Au (~180m vertical depth) indicate down-dip continuity of mineralisation.

Historical exploration has also identified a 15km x 10km ground water tungsten anomaly, identified from water bore sampling, which has not been drill-tested. Given the close association of tungsten with Au-Cu-Mo this is a high priority target for further investigations.

A review of historical activity also indicates significant prospectivity for Ni-Cu-PGE mineralisation along a previously undrilled +20km belt of ultramafic rocks that includes untested ground electromagnetic (EM) targets.

Review of Corporate Activities

On 6 September 2021, the Company was pleased to announce the appointment of Mr Peter Cook as Non-Executive Chairman of the Board. Mr Cook replaced current Executive Chairman and Breaker founder, Tom Sanders, who has moved into the role of Managing Director. Mr Cook is a Geologist (BSc (Applied Geology)) and a Mineral Economist (MSc (Min. Econ)), MAusIMM with over 35 years of experience in the field of exploration, project, operational and corporate management of mining companies. He is currently Non-Executive Chairman of Westgold Resources Limited (ASX: WGX), Non-Executive Chairman of Castile Resources Limited (ASX: CST) and Non-Executive Chairman of Titan Minerals Limited (ASX: TTM).

On 20 July 2020 the Company announced a ~\$23million capital raising comprising a two tranche placement to institutional and sophisticated investors, a placement to existing major shareholder Electrum Strategic Opportunities Fund II LP (**Electrum**) and a share purchase plan. The capital raising resulted in the issue of 94,520,853 shares, at a price of \$0.24, and was completed on 24 September 2020.

Leading US funds including Electrum, Paulson & Co and Franklin Templeton committed a total of \$15m of the capital raising.

A total of 4,700,000 unlisted options were issued to personnel during the year under the Company's Incentive Option Scheme.

As at 30 June 2021, the Company's capital structure comprised:

- ✘ 325,863,340 fully paid ordinary shares (ASX: BRB); and
- ✘ 12,975,000 unlisted options at various exercise prices and expiry dates.

At the beginning of the period the Company's fully paid ordinary shares were trading at \$0.29, and the Company had a market capitalisation of \$67.1million and as at 30 June 2021, the share price was \$0.155 and the market capitalisation \$50.5million.

The Company was represented at numerous industry events during the year including the Diggers & Dealers Mining Forum in Kalgoorlie, the Precious Metals Beaver Creek Summit, the Denver Gold Forum in Colorado, the Precious Metals Virtual Summit Europe, the Resources Rising Stars Investor Conference in Perth, the RIU Explorers Conference in Fremantle, the Swiss Mining Institute Virtual Conference, the AMEC

Investor Briefing in Perth, the Prospectors and Developers Association of Canada (PDAC) virtual conference, the RIU Resources Round-up Conference in Sydney, and the 121 Mining Investment London Virtual Conference.

¹ ASX Release 29 April 2021

² ASX Release 29 April 2021

³ ASX Release 10 December 2020

⁴ ASX Release 10 December 2020

⁵ ASX Release 24 September 2021

⁶ ASX Release 11 October 2021

⁷ ASX Release 29 April 2021

⁸ ASX Release 29 April 2021

⁹ ASX Release 29 April 2021

¹⁰ ASX Release 29 April 2021

¹¹ ASX Release 2 July 2020 & ASX Release 22 September 2020

¹² ASX Release 30 July 2021

¹³ ASX Release 30 July 2021

¹⁴ ASX Release 31 January 2020 (BAC2503)

¹⁵ ASX Release 13 November 2018

¹⁶ ASX Release 13 November 2018

¹⁷ ASX Release 31 October 2019

Tenement Schedule

The following is a summary of tenements held by Breaker Resources NL as at 30 June 2021.

Project	Tenement Number	Status	Percentage Held/Earning %
Lake Roe	E28/2515	Granted	100
	E28/2522	Granted	100
	E28/2551	Granted	100
	E28/2555	Granted	100
	E28/2556	Granted	100
	E28/2559	Granted	100
	E28/2920	Granted	100
	M28/388	Granted	100
	E28/2748	Granted	100
	E28/2817	Granted	100
	E28/3051	Application	100
	E28/3074	Application	100
	Ularring Rock	E70/4686	Granted
E70/4901		Granted	100

COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Tom Sanders, Competent Person, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Sanders is an executive of Breaker Resources NL and his services have been engaged by Breaker on an 80% of full time basis; he is also a shareholder in the Company. Mr Sanders has 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 consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

#The reference in this report to Mineral Resources is based on information announced to the ASX on 29 April 2021 (also see table on page 7). Breaker confirms that it is not aware of any new information or data in relation to the Resource that materially affects the information included in the relevant market announcement that has not been updated in subsequent announcements, and that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed.

Directors' Report

The directors of Breaker Resources NL herewith submit the financial report for the year ended 30 June 2021. In order to comply with the provisions of the *Corporations Act 2001* (Cth), 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, and the term of their appointment, are provided below.

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

Tom Sanders is a geologist with over 35 years' experience in the Australian mining industry. He has extensive experience in project generation, exploration, feasibility, mining and corporate management with a strong emphasis on gold and nickel in Western Australia (**WA**). 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 WA.

Mr Sanders has managed a large number of exploration projects, several of which he progressed into production during a 23 year period based in the Kalgoorlie region in WA. He has extensive production experience on several underground and open pit gold and nickel operations.

Mr Sanders was responsible for identifying Breaker's initial projects and guiding the Company to a successful ASX listing in 2012. Mr Sanders previously founded Navigator Resources Limited and steered that company from initial project acquisition to ASX-listing. He then managed the building of a two million ounce gold resource inventory through discovery and acquisition and identified the Cummins Range rare earth resource.

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

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

Mark Edwards is a solicitor with over 30 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.

Mr Edwards is an executive director of EMK Lawyers Pty Ltd and a non-executive director of Shanti Mandir Australia Pty Ltd. During the past three (3) years, Mr Edwards has not served as a director on any other listed company.

Michael Kitney Assoc. Met; Post Grad Dip (Extractive Metallurgy); MSc (Mineral Economics); MAICD; 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 Kasbah Resources Limited, Alcoa Australia Limited, Minproc Engineers Limited, Property Company of London plc, British Phosphate Commissioners, Nelson Gold Corporation Limited and Avocet Mining plc. He is currently a technical consultant to ASX-listed Prospect Resources Limited.

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

Linton Putland BEng (Mining); MSc (Mineral Economics); MAusIMM, GAICD
Non-Executive Director (appointed 16 August 2018)

Linton Putland holds a degree in mining engineering and a masters in science from the Western Australian School of Mines and has over 30 years' experience in mining operations, joint ventures and corporate management in Australia, Africa and the Americas over a wide range of commodities.

Mr Putland is principal of LJ Putland & Associates, a private mining consultancy company which was founded in 2002, providing advisory and consultancy services in mining project and company evaluation and due diligence appraisals with a focus on corporate growth. During this period he has also been Managing Director of a privately owned exploration company, with joint venture interests in Africa and holds the office of non-executive director for WA Kaolin Limited (appointed 22 May 2020). Prior to this he held corporate and senior management roles in IAMGOLD Corporation, AurionGold Limited, Delta Gold NL and Pancontinental Mining Limited.

During the past three (3) years, Mr Putland has served as a director on previously ASX-listed companies Pacific Energy Limited (appointed 18 October 2016; resigned 28 November 2019) and Azumah Resources Limited (appointed 18 July 2018; resigned 14 November 2019).

Eric Vincent BA; JD
Non-Executive Director (appointed 23 March 2020)

Eric Vincent is the President of Sarissa Capital, a healthcare-focused activist investment firm in the United States. Most recently, he served as the Head of Business Development at Mubadala Capital, the financial investment arm of the sovereign wealth firm Mubadala Investment Company. From 2012 through 2017, Mr Vincent was Chief Executive Officer of Electrum Group.

Mr Vincent previously served as President of Ospraie Management, an investment firm focused on commodities and basic industries. From 2007 through October 2009, he served as Chairman of the Board of Directors of the Managed Funds Association, the leading trade association representing the US hedge fund industry.

He began his career as an attorney at Cravath, Swaine & Moore and holds a Juris Doctor degree from Harvard Law School and a Bachelor of Arts degree from Williams College. Mr Vincent was previously a member of the Global Markets Advisory Committee of the US Commodity Futures Trading Commission and a member of the Investor Advisory Group of the Public Company Accounting Oversight Board.

During the past three (3) years, Mr Vincent 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.

Michelle Simson EMBA (Dist.); GradDipACG; ACIS; AGIA
Company Secretary (appointed 22 October 2012)

Michelle Simson has 25 years' administration experience, including the last 15 years in the resources 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 and a Graduate Diploma in Applied Corporate Governance. She is a Chartered Secretary and member of the Governance Institute of Australia.

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

Sarah Sutcliffe AAICD; AGIA
Company Secretary (appointed 9 July 2021)

Sarah Sutcliffe has over 10 years' experience as a corporate governance and compliance professional, primarily in the technology and energy sectors. As well as extensive experience as a Company Secretary, Sarah has also been involved in numerous large company transactions including mergers and acquisitions, joint ventures and capital raisings. She holds a Certificate in Governance Practice and Business Administration and is a Member of the Governance Institute of Australia and Australian Institute of Company Directors.

During the past three (3) years, Ms Sutcliffe 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. Three of the five directors comprise membership of the Audit, Remuneration and Risk Committees and there are four members of the Nomination Committee. The respective chairmen are:

- ✦ Audit Committee: Mark Edwards;
- ✦ Nomination Committee: Linton Putland;
- ✦ 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:

Director	Board of Directors		Committee Meetings							
	Held	Present	Audit		Nomination		Remuneration		Risk	
			Held	Present	Held	Present	Held	Present	Held	Present
Tom Sanders	4	4	-	-	1	1	-	-	2	2
Mark Edwards	4	4	2	2	1	1	1	1	-	-
Mike Kitney	4	4	2	2	-	-	1	1	2	2
Linton Putland	4	4	2	2	1	1	1	1	2	2
Eric Vincent	4	4	-	-	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	Unlisted share options Number
Tom Sanders	24,003,420	3,000,000
Mark Edwards	1,929,301	1,250,000
Mike Kitney	1,435,003	1,250,000
Linton Putland	-	1,250,000
Eric Vincent	58,300	1,250,000

During the financial year 3,750,000 share options were granted to directors of the Company as part of their remuneration (2020: Nil). The issue of the options to directors was approved by shareholders under ASX Listing Rule 10.14 at the 2020 Annual General Meeting of the Company.

Directors' and Officers' Insurance

During the financial year, Breaker 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 commences on page 4.

Financial Review

During the year total exploration expenditure incurred by the Company amounted to \$13,707,750 (2020: \$9,595,634). In line with the Company's accounting policies, all exploration expenditure is written off as it is incurred. Administration and other expenses, net of income, amounted to \$1,463,144 (2020: \$1,336,002). The Company's operating loss after income tax for the year is \$15,170,894 (2020: \$10,931,636).

At year end the Company held cash and cash equivalents and term deposits of \$11,051,185 (2020: \$3,643,184).

Operating Results for the Year

Summarised operating results are as follows:

	Revenues \$	Results \$
Revenues and profit/(loss) from ordinary activities before income tax expenses	193,997	(15,170,894)

Shareholder Return

Summarised shareholder return is as follows:

	2021 cents	2020 Cents
Basic profit/(loss) per share	(4.92)	(4.94)

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 12,975,000 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
Unlisted	4,250,000	\$0.465	31 December 2021
Unlisted	1,000,000	\$0.375	30 November 2022
Unlisted	125,000	\$0.246	28 February 2023
Unlisted	1,000,000	\$0.195	28 February 2023
Unlisted	150,000	\$0.169	28 February 2023
Unlisted	1,000,000	\$0.166	28 February 2023
Unlisted	200,000	\$0.288	15 May 2023
Unlisted	550,000	\$0.320	28 February 2023
Unlisted	200,000	\$0.339	10 July 2023
Unlisted	550,000	\$0.291	31 August 2023
Unlisted	3,750,000	\$0.281	30 September 2023
Unlisted	200,000	\$0.200	31 May 2024

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
Unlisted	200,000	\$0.339	10 July 2023	Issued under Company's Incentive Option Scheme
Unlisted	550,000	\$0.291	31 August 2023	Issued under Company's Incentive Option Scheme
Unlisted	3,750,000	\$0.281	30 September 2023	Issued under Company's Incentive Option Scheme
Unlisted	200,000	\$0.200	31 May 2024	Issued under Company's Incentive Option Scheme

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 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

The impact of the Coronavirus (**COVID-19**) pandemic is ongoing and while there has been no material impact on the Company's financial position and operation up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the WA and Australian Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any further economic stimulus that may be provided.

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 2021.

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 that 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* (Cth) 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 29 and forms part of the Directors' Report for the financial year ended 30 June 2021.

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 2021. The information provided in this report has been audited as per the requirements of section 308(3C) of the *Corporations Act 2001* (Cth).

The report is set out under the following main headings:

- ✘ 2020 Remuneration Report
- ✘ 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.

2020 Remuneration Report

The Company received a first strike against its Remuneration Report at the 2020 Annual General Meeting. The total votes cast against the Remuneration Report was 40.00%.

In the three previous years, the votes cast against the Remuneration Report were 10.90% (2017), 5.21% (2018) and 0.15% (2019). The Company's remuneration policy has remained consistent throughout this period with one change to directors' fees (2019: increase from \$40,000pa to \$48,000pa inclusive of superannuation) and the following changes to executive management remuneration:

- ✘ 2017: remuneration reinstated to 2014 level after three years of 20% reduction
- ✘ 2018: approximate 10% increase
- ✘ 2019: 3% increase
- ✘ 2020: 3% increase

The Board of Directors recognises shareholders' right to use the remuneration report vote as a mechanism to express concern in relation to the Company's activities or direction, as well as a comment upon its remuneration practices.

During the year the Company undertook a review of its remuneration practices and determined that they were in line with industry peers and appropriate for an organisation of Breaker Resources' size and stage of development. No increases in the fees or salaries paid to KMP were applied during the 2020/21 year.

A total of 3,750,000 unlisted options were issued to members of the KMP during the year. The issue of these options was approved by shareholders at the 2020 Annual General Meeting. The issue of options to directors is intended to form a component of their remuneration in order to keep cash payments to a minimum and to provide incentives linked to the performance of the Company. Given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered that the performance of directors and the performance and value of the Company are closely related. As such, options granted will only generally be of benefit if the directors perform to a level whereby the value of the Company increases sufficient to warrant exercising those options. The options were issued in a consistent manner to those previously issued to directors, and approved by shareholders, and at the date of this report remain unexercised.

Since the Company listed on the ASX in 2012, no member of the KMP has exercised any unlisted options issued as part of their remuneration package and therefore attained any benefit from the issue of those options.

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
- ✦ Linton Putland Non-Executive Director
- ✦ Eric Vincent 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 eligible to participate in the employee incentive option scheme.
- ✘ Where applicable, executives receive a superannuation guarantee contribution required by the government, which during the reporting period was 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 in general meeting. The current remuneration pool limit is \$300,000 and is currently utilised to a level of \$192,000 per annum. The base fee paid to non-executive directors is \$48,000 per annum inclusive of superannuation.

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 incentive option scheme, although any allocation must be approved by shareholders in general meeting. There is no retirement benefit plan for directors.

Performance Based Remuneration

The Company currently has no individual performance based remuneration component built into key management personnel remuneration packages.

Company Performance, Shareholder Wealth and Key Management Personnel Remuneration

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.

Use of Remuneration Consultants

The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2021.

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:

Directors' Report

Key management personnel	Short-term		Post-employment		Share-based payments	Total \$
	Salary & fees \$	Non-monetary \$	Super-annuation \$	Retirement benefits \$	Options \$	
Tom Sanders						
✖ 2021	328,879	-	-	-	-	328,879
✖ 2020	350,698	-	-	-	-	350,698
Mark Edwards						
✖ 2021	48,000	-	-	-	141,322	189,322
✖ 2020	48,000	-	-	-	-	48,000
Mike Kitney						
✖ 2021	41,868	-	6,132	-	141,322	189,322
✖ 2020	45,200 ¹	-	8,000	-	-	53,200
Linton Putland						
✖ 2021	43,836	-	4,164	-	-	48,000
✖ 2020	58,019 ²	-	4,164	-	-	62,183
Eric Vincent						
✖ 2021	48,000	-	-	-	136,020	184,020
✖ 2020 ³	13,161	-	-	-	-	13,161
Alastair Barker						
✖ 2021	265,225	-	-	-	-	265,225
✖ 2020	261,363	-	-	-	38,273	299,636
Michelle Simson						
✖ 2021	212,817	-	19,644	-	-	232,461
✖ 2020	231,044	-	24,532	-	40,589	296,165

Notes

¹ In addition to directors' fees of \$40,000 and associated superannuation of \$8,000 during 2019/20, Metallurgical Design, an entity controlled by Mike Kitney, was paid fees of \$5,200, at arm's length market rates, under an agreement for the provision of project management services for Lake Roe metallurgical testwork.

² In addition to directors' fees of \$43,836 and associated superannuation of \$4,164 during 2019/20, LJ Putland & Associates, an entity controlled by Linton Putland, was paid fees of \$14,183, at arm's length market rates, under an agreement for the provision of project management services for Lake Roe engineering studies.

³ Eric Vincent was appointed a director on 23 March 2020.

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 (2020: Nil).

Options

3,750,000 options in the Company were issued to key management personnel as part of their remuneration during the year (2020: 2,000,000). 8,334 options were exercised by key management personnel during the year (2020: 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
BRBOPT07	22 November 2018	31 December 2021	16.55	28 November 2018
BRBOPT07	22 November 2018	31 December 2021	17.26	29 November 2018
BRBOPT10	15 March 2020	28 February 2023	4.05	16 March 2020
BRBOPT12	19 March 2020	28 February 2023	3.83	19 March 2020
BRBOPT18	17 September 2020	30 September 2023	11.31	30 September 2020
BRBOPT18	17 September 2020	30 September 2023	10.88	8 October 2020

Shareholdings of Key Management Personnel

The numbers of ordinary shares in the Company during the financial year in which each director of Breaker Resources NL and other key management personnel of the Company holds a relevant interest, including their closely related parties, are detailed below:

Key management personnel	Fully Paid Ordinary Shares				
	Balance at start of year Number	Granted as compensation Number	Received on exercise of options Number	Other changes Number	Balance at year end Number
Tom Sanders					
✱ 2021	23,414,531	-	-	588,889	24,003,420
✱ 2020	22,544,660	-	-	869,871	23,414,531
Mark Edwards					
✱ 2021	1,843,190	-	-	86,111	1,929,301
✱ 2020	1,778,190	-	-	65,000	1,843,190
Mike Kitney					
✱ 2021	1,526,669	-	-	(91,666)	1,435,003
✱ 2020	1,468,544	-	-	58,125	1,526,669
Linton Putland					
✱ 2021	-	-	-	-	-
✱ 2020	-	-	-	-	-
Eric Vincent					
✱ 2021	-	-	-	58,300	58,300
✱ 2020 ¹	-	-	-	-	-
Alastair Barker					
✱ 2021	373,162	-	-	-	373,162
✱ 2020	373,162	-	-	-	373,162
Michelle Simson					
✱ 2021	16,300	-	8,334	-	24,634
✱ 2020	16,300	-	-	-	16,300

Notes

¹ Eric Vincent was appointed a director on 23 March 2020.

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				
× 2021	-	-	-	-
× 2020	309,871	-	(309,871)	-
Mark Edwards				
× 2021	-	-	-	-
× 2020	65,000	-	(65,000)	-
Mike Kitney				
× 2021	-	-	-	-
× 2020	58,125	-	(58,125)	-
Linton Putland				
× 2021	-	-	-	-
× 2020	-	-	-	-
Eric Vincent				
× 2021	-	-	-	-
× 2020 ¹	-	-	-	-
Alastair Barker				
× 2021	-	-	-	-
× 2020	-	-	-	-
Michelle Simson				
× 2021	-	-	-	-
× 2020	-	-	-	-

Notes

¹ Eric Vincent was appointed a director on 23 March 2020.

Option Holdings of Key Management Personnel

The numbers of options over ordinary shares in the Company during the financial year in which each director of Breaker Resources NL and other key management personnel of the Company holds a relevant interest, including their closely related parties, are detailed below:

Key management personnel	Balance at start of year Number	Granted as compensation Number	Exercised Number	Other changes Number	Balance at year end Number	Vested and exercisable Number
Tom Sanders						
× 2021	3,000,000	-	-	-	3,000,000	3,000,000
× 2020	3,000,000	-	-	-	3,000,000	3,000,000
Mark Edwards						
× 2021	-	1,250,000²	-	-	1,250,000	1,250,000
× 2020	1,250,000	-	-	(1,250,000)	-	-
Mike Kitney						
× 2021	-	1,250,000²	-	-	1,250,000	1,250,000
× 2020	1,250,000	-	-	(1,250,000)	-	-

Linton Putland							
✘	2021	1,250,000	-	-	-	1,250,000	1,250,000
✘	2020	1,250,000	-	-	-	1,250,000	1,250,000
Eric Vincent							
✘	2021	-	1,250,000²	-	-	1,250,000	1,250,000
✘	2020 ¹	-	-	-	-	-	-
Alastair Barker							
✘	2021	1,000,000	-	-	-	1,000,000	1,000,000
✘	2020	1,000,000	1,000,000	-	(1,000,000)	1,000,000	1,000,000
Michelle Simson							
✘	2021	1,000,000	-	-	-	1,000,000	1,000,000
✘	2020	1,000,000	1,000,000	-	(1,000,000)	1,000,000	1,000,000

Notes

¹ Eric Vincent was appointed a director on 23 March 2020.

² The issue of the options to directors was approved by shareholders under ASX Listing Rule 10.14 at the 2020 Annual General Meeting of the Company.

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 2021 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 \$328,879 (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* (Cth) 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 \$265,225 (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* (Cth) 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
 - ✘ Full time equivalent base salary of \$234,459 per annum (exclusive of superannuation).
 - ✘ Payment of termination benefit on termination by the employer, other than for gross misconduct, equals three (3) months' salary.
 - ✘ Notice period of three (3) months.

Directors' Report

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

On behalf of the directors



TOM SANDERS
Executive Chairman

Perth, 31 August 2021

Auditor's Independence Declaration



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.rothsay.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of the audit of Breaker Resources NL for the year ended 30 June 2021,
I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Rothsay Auditing

A handwritten signature in black ink that reads 'Dalla'.

Daniel Dalla
Partner

31 August 2021



Liability limited by a scheme approved under Professional Standards Legislation

Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income for the Financial Year ended 30 June 2021

	Notes	2021 \$	2020 \$
Income			
Government grant and incentive	4	67,500	170,000
Interest income	4	85,480	61,567
Other income	4	41,017	14,808
Total income		193,997	246,375
Expenses			
Administration expenses		(610,215)	(686,076)
Depreciation expenses	4	(167,136)	(185,284)
Employee benefits expenses	4	(356,018)	(341,237)
Exploration and evaluation expenses	4	(13,707,750)	(9,595,634)
Share-based payment expenses		(523,772)	(369,483)
Other expenses		-	(297)
Total expenses		(15,364,891)	(11,178,011)
Profit/(Loss) before income tax		(15,170,894)	(10,931,636)
Income tax expense	6	-	-
Profit/(Loss) for the year		(15,170,894)	(10,931,636)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(15,170,894)	(10,931,636)
Profit/(Loss) attributable to owners of the Company		(15,170,894)	(10,931,636)
Total comprehensive income/(loss) attributable to owners of the Company		(15,170,894)	(10,931,636)
Basic and diluted profit/(loss) per share attributable to the ordinary equity holders of the Company (cents per share)	14	(4.92)	(4.94)

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

Statement of Financial Position

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
Current Assets			
Cash and cash equivalents	7	4,538,814	3,643,184
Term deposits	7	6,512,371	-
Trade and other receivables	8	338,035	292,532
Other financial assets	9	72,740	72,235
Total Current Assets		<u>11,461,960</u>	<u>4,007,951</u>
Non-Current Assets			
Plant and equipment	10	<u>219,257</u>	<u>281,971</u>
Total Non-Current Assets		<u>219,257</u>	<u>281,971</u>
Total Assets		<u>11,681,217</u>	<u>4,289,922</u>
Current Liabilities			
Trade and other payables	11	<u>863,210</u>	<u>719,856</u>
Total Current Liabilities		<u>863,210</u>	<u>719,856</u>
Total Liabilities		<u>863,210</u>	<u>719,856</u>
Net Assets		<u>10,818,007</u>	<u>3,570,066</u>
Equity			
Contributed equity	12	83,880,379	61,985,316
Share-based payment reserve		1,617,835	1,094,063
Accumulated profit/(loss)		<u>(74,680,207)</u>	<u>(59,509,313)</u>
Total Equity		<u>10,818,007</u>	<u>3,570,066</u>

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 2021

	Notes	Contributed Equity \$	Share- based Payments Reserve \$	Accumulated Profit/(Loss) \$	Total \$
Balance at 30 June 2019		53,092,600	1,747,915	(49,601,012)	5,239,503
Profit/(Loss) for the year		-	-	(10,931,636)	(10,931,636)
Total comprehensive income/(loss) for the year		-	-	(10,931,636)	(10,931,636)
Options issued during the year		-	369,483	-	369,483
Options expired/withdrawn and transferred to accumulated loss		-	(1,023,335)	1,023,335	-
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs	12	8,892,716	-	-	8,892,716
Balance at 30 June 2020		61,985,316	1,094,063	(59,509,313)	3,570,066
Profit/(Loss) for the year		-	-	(15,170,894)	(15,170,894)
Total comprehensive income/(loss) for the year		-	-	(15,170,894)	(15,170,894)
Options issued during the year		-	523,772	-	523,772
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs	12	21,895,063	-	-	21,895,063
Balance at 30 June 2021		83,880,379	1,617,835	(74,680,207)	10,818,007

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

Statement of Cash Flows

Statement of Cash Flows for the Financial Year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,129,790)	(1,041,679)
Payments for exploration and evaluation expenditure		(13,415,975)	(9,342,018)
Receipts from government grant and incentive		67,500	170,000
Other income received		41,017	14,807
Interest received		55,112	61,567
Net cash inflow/(outflow) from operating activities	16	<u>(14,382,136)</u>	<u>(10,137,323)</u>
Cash flows from investing activities			
Payments for plant and equipment		(104,421)	(37,685)
Payments for other financial assets		(505)	(480)
Investment in term deposits		(6,512,371)	(4,550,000)
Withdrawn from term deposits		-	5,600,000
Net cash inflow/(outflow) from investing activities		<u>(6,617,297)</u>	<u>1,011,835</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares		22,684,982	8,932,267
Share issue transaction costs		(789,919)	(39,551)
Net cash inflow/(outflow) from financing activities		<u>21,895,063</u>	<u>8,892,716</u>
Net increase/(decrease) in cash and cash equivalents			
		<u>895,630</u>	<u>(232,772)</u>
Cash and cash equivalents at the beginning of the period			
		3,643,184	3,875,956
Cash and cash equivalents at the end of the period			
	7	<u>4,538,814</u>	<u>3,643,184</u>

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 2021

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 19 August 2021. 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* (Cth) (**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 (**IFRS**).

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.

Going concern

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 Directors have considered the impact of the COVID-19 pandemic on the position of the Company at 30 June 2021 and its operations in future periods.

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 raise capital if it is needed. Therefore, they 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. Amendments to Accounting Standards that are mandatorily effective for the current year

The Company has adopted all of the new and revised Standards issued by the AASB that are relevant to their operations and effective for the current year. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of material

This Standard amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, and makes consequential amendments to several other pronouncements and publications. The Company has adopted these amendments for the first time in the current year. The amendments make the definition of material in AASB 101 easier to understand and are not intended to alter the underlying concept of materiality in the Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in AASB 108 has been replaced by a reference to the definition of material in AASB 101. In addition, the Standard also amends other Standards and the Conceptual Framework for Financial Reporting (**Conceptual Framework**) that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the effect of new IFRS Standards not yet issued in Australia

This Standard makes amendments to AASB 1054 Additional Australian Disclosures by adding a disclosure requirement for an entity intending to comply with IFRS to disclose the information specified in paragraphs 30 and 31 of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors on the potential effect of an IFRS that has not yet been issued by the AASB. The company has adopted these amendments for the first time in the current year.

ii. New and revised Accounting Standards in issue not yet adopted

At the date of authorisation of the Financial Statements, the Standards applicable to the Company's business 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 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections, effective for annual reporting periods beginning on or after 1 January 2022;

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current-Deferral of Effective Date, effective for annual reporting periods beginning on or after 1 January 2022;

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments, effective for annual reporting periods beginning on or after 1 January 2022;

AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phrase 2, effective for annual reporting periods beginning on or after 1 June 2021;

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates, effective for annual reporting periods beginning on or after 1 January 2023.

(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 income tax 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 non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial 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 and 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 not subject to significant risk of changes in value.

(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

There are three principal classification categories for financial assets: measured at amortised cost, at fair value through other comprehensive income (**FVTOCI**) and at fair value through profit and loss (**FVTPL**). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Impairment

The Company assesses at each reporting date whether there is an expected credit loss in relation to the impairment of financial assets. The Company accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

(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* 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) and suppliers in the form of share-based payment transactions, whereby employees and suppliers render goods or services in exchange for shares or rights over shares (**equity-settled transactions**) (refer to Note 17).

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 of options 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 or suppliers 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.

(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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on known information. This consideration extends to the nature of business, supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the Financial Statements or any significant uncertainties with respect to events or conditions which may

impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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 Board via the audit and risk committees as the Company believes that it is crucial for 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 current operations are within Australia the Company is not exposed to foreign exchange risk.

Commodity price risk

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

Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents and bank deposits. The Company's 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 bank deposits for the Company of \$11,051,185 (2020: \$3,643,184) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Company was 0.43% (2020: 0.39%).

Sensitivity analysis

At 30 June 2021, 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 \$73,472 lower/higher (2020: \$42,846) 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:**

	2021 \$	2020 \$
Government grant and incentive	67,500	170,000
Interest income	85,480	61,567
Other	41,017	14,808
	<u>193,997</u>	<u>246,375</u>

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

	2021 \$	2020 \$
Depreciation expenses	167,136	185,284
Exploration and evaluation expenses	13,707,750	9,595,634

(c) Employee benefit expenses:

	2021 \$	2020 \$
Wages and superannuation	127,077	145,723
Directors' fees	192,000	160,833
Leave provisions	15,838	16,330
Other	21,103	18,351
	<u>356,018</u>	<u>341,237</u>

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

Notes to the Financial Statements

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.

	2021 \$	2020 \$
Segment revenue	-	-
<i>Reconciliation of segment revenue to total revenue before tax:</i>		
Government grant and incentive	67,500	170,000
Interest revenue	85,480	61,567
Other income	41,017	14,808
Total revenue	193,997	246,375
Segment result	(13,707,750)	(9,595,634)
<i>Reconciliation of segment result to loss before tax:</i>		
Depreciation expenses	(167,136)	(185,284)
Other corporate and administration income/(expenses), net	(1,296,008)	(1,150,718)
Net profit/(loss) before tax	(15,170,894)	(10,931,636)
Segment operating assets	174,344	245,647
<i>Reconciliation of segment operating assets to total assets:</i>		
Other corporate and administration assets	11,506,873	4,044,275
Total assets	11,681,217	4,289,922
Segment additions to non-current assets	71,863	28,530
Other corporate additions to non-current assets	32,558	9,155
Total additions to non-current assets	104,421	37,685
Segment operating liabilities	673,748	635,592
<i>Reconciliation of segment operating liabilities to total liabilities:</i>		
Other corporate and administration liabilities	189,462	84,264
Total liabilities	863,210	719,856

6. Income tax

	2021 \$	2020 \$
Income tax expense		
Current tax	-	-
Deferred tax	-	-
<i>Numerical reconciliation of income tax expense to prima facie tax payable</i>		
Profit/(Loss) from continuing operations before income tax expense	(15,170,894)	(10,931,636)
Prima facie tax benefit at the Australian tax rate of 27.5% (2019: 30%)	(3,944,432)	(3,006,200)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
✦ Non-assessable income	(13,000)	(13,750)
✦ Capital raising costs	(146,164)	(123,211)
✦ Non-deductible expenses	2,546	1,502
✦ Share-based payments	136,181	101,608
	<u>(3,964,869)</u>	<u>(3,040,051)</u>
Movements in unrecognised temporary differences	21,060	26,709
Tax effect of current year tax losses for which no deferred tax asset has been recognised	3,943,809	3,013,342
Income tax expense	<u>-</u>	<u>-</u>
<i>Unrecognised temporary differences</i>		
Deferred tax liabilities on income tax account	19,955	
Prepayments	7,896	17,109
Plant and equipment	57,007	77,542
DTL used to offset DTA	(84,858)	(94,651)
Deferred tax liabilities	<u>-</u>	<u>-</u>
Deferred tax assets on income tax account		
Accruals	11,180	11,842
Provisions	19,065	2,995
Capital raising costs	279,857	246,777
Exploration Expenditure	12,932	-
Carry forward tax losses	15,959,371	12,708,767
DTL used to offset DTA	(84,858)	(94,651)
	<u>16,197,547</u>	<u>12,875,730</u>
Deferred tax assets	<u>-</u>	<u>-</u>

Breaker Resources NL is considered a base rate entity for income tax purposes for the 2021 income year and is therefore subject to income tax at a rate of 26% (2020: 27.5%). As a result, the deferred tax assets of the Company have been adjusted in the 2021 year to reflect the decrease in corporate tax rate applicable to the Company.

Notes to the Financial Statements

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.

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise benefits. The utilisation of tax losses is dependent on the Company satisfying the continuity of ownership test or the same business test at the time the tax losses are applied against taxable income.

7. Cash and Term Deposits

	2021 \$	2020 \$
Cash at bank and in hand	4,538,814	3,643,184
	<u>4,538,814</u>	<u>3,643,184</u>
Term deposits classified separate to cash on face of <i>Statement of Financial Position</i>	<u>6,512,371</u>	-

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

As at 30 June 2021, the Company had \$6,512,371 in term deposits with maturities more than three (3) months (2020: Nil).

8. Trade and other receivables

	2021 \$	2020 \$
Prepayments	76,751	74,215
GST receivable and PAYG withheld	230,915	218,317
Interest receivable	30,369	-
	<u>338,035</u>	<u>292,532</u>

The carrying amounts of trade and other receivables are assumed to be the same as their fair values, due to their short-term nature.

9. Other financial assets

	2021 \$	2020 \$
Term deposits as a security	71,977	71,472
Other financial assets	763	763
	<u>72,740</u>	<u>72,235</u>

10. Plant and equipment

	2021				2020			
	Furniture & office equipment \$	Exploration equipment \$	Motor vehicles \$	Total \$	Furniture & office equipment \$	Exploration equipment \$	Motor vehicles \$	Total \$
Cost	174,712	282,149	799,757	1,256,618	142,154	210,285	799,757	1,152,196
Accumulated depreciation	(129,798)	(183,011)	(724,552)	(1,037,361)	(105,830)	(157,000)	(607,395)	(870,225)
Net book amount	44,914	99,138	75,205	219,257	36,324	53,285	192,362	281,971
Opening net book amount	36,324	53,285	192,362	281,971	48,305	42,720	338,842	429,867
Additions	32,558	71,864	-	104,422	9,155	28,530	-	37,685
Depreciation charge	(23,968)	(26,011)	(117,157)	(167,136)	(21,136)	(17,668)	(146,480)	(185,284)
Disposal	-	-	-	-	-	(297)	-	(297)
Closing net book amount	44,914	99,138	75,205	219,257	36,324	53,285	192,362	281,971

11. Trade and other payables

	2021 \$	2020 \$
Trade creditors	716,152	660,156
Other payables and accruals	147,058	59,700
	863,210	719,856

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. Contributed equity

(a) Share capital

	Notes	2021		2020	
		Number	\$	Number	\$
Ordinary shares fully paid	(b),(d)	325,840,929	83,880,379	231,320,076	61,985,316
Total issued capital		325,840,929	83,880,379	231,320,076	61,985,316

(b) Movements in ordinary share capital

	2021		2020	
	Number	\$	Number	\$
Beginning of the year	231,320,076	61,985,316	208,304,865	53,092,600
Issued during the year:				
✘ Placements to sophisticated and professional investors	83,333,333	20,000,000	23,015,211	8,055,324
✘ Share purchase plan to existing shareholders	11,187,520	2,684,982	-	-
✘ Partly paid shares converted to fully paid shares	-	-	-	876,943
✘ Transaction costs	-	(789,919)	-	(39,551)
End of the year	325,840,929	83,880,379	231,320,076	61,985,316

(c) Movements in options on issue

	2021	2020
	Number	Number
Beginning of the year	8,450,000	9,150,000
✘ Issued	4,700,000	4,200,000
✘ Expired or lapsed	175,000	(4,900,000)
End of the year	12,975,000	8,450,000

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 \$0.150 and \$0.465 and expire between 31 December 2021 and 31 May 2024.

(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 as a proportion of the issue price on the shares held (excluding any amounts paid up in advance of a call). Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(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 2021 and 30 June 2020 is as follows:

	2021	2020
	\$	\$
Cash and cash equivalents	4,538,814	3,643,184
Term deposits	6,512,371	-
Trade and other receivables	338,035	292,532
Other financial assets	72,740	72,235
Trade and other payables	(863,210)	(719,856)
Working capital position	10,598,750	3,288,095

13. Dividends

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

14. Loss per share**(a) Reconciliation of earnings used in calculating profit/(loss) per share**

	2021 \$	2020 \$
Profit/(Loss) attributable to the owners of the Company used in calculating basic and diluted profit/(loss) per share	<u>(15,170,894)</u>	<u>(10,931,636)</u>

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

	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u>308,086,040</u>	<u>221,359,478</u>

(c) Information on classification of options

As the Company has made a loss for the year ended 30 June 2021, 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.

15. Commitments**(a) Exploration Commitments**

The Company must maintain current rights of tenure to tenements, which requires outlays of expenditure in 2021/22. 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 2021/22 as at the date of this report:

	2022 \$	2021 \$
	<u>1,008,400</u>	<u>869,900</u>

(b) Capital Commitments

There are no capital expenditure commitments for the Company as at 30 June 2021.

(c) Lease Commitments: Company as Lessee

The Company leases its office under a non-cancellable operating lease expiring within one (1) year. During the financial year, the short-term lease expense was recognised as an operating expense and charged to profit or loss accounts under the new AASB 16.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2021 \$	2020 \$
Within one (1) year	<u>45,551</u>	<u>45,576</u>
	<u>45,551</u>	<u>45,576</u>

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

	2021 \$	2020 \$
<i>Reconciliation of net loss after income tax to net cash flow from operating activities</i>		
Net profit/(loss) for the year	(15,170,894)	(10,931,636)
Non-cash items		
Depreciation of non-current assets	167,136	185,284
Disposal of plant and equipment	-	297
Share-based payments of employee options	523,772	369,483
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(45,502)	60,789
Increase/(decrease) in trade and other payables	143,352	178,460
Net cash inflow/(outflow) from operating activities	(14,382,136)	(10,137,323)

(a) Non-cash transactions

During the year, the Company granted 4,700,000 options to its employees as incentives. The value of the options was included in the Share-based Payments (refer to Note 17).

17. Share-based payments

(a) Employee share options

The Company provides benefits to employees (including directors and eligible 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:

	2021		2020	
	Number	Weighted average exercise price cents	Number	Weighted average exercise price cents
Outstanding at the beginning of the year	8,450,000	35.8	9,150,000	46.3
Granted	4,700,000	33.1	4,200,000	25.0
Forfeited/cancelled/expired	175,000	15.0	4,900,000	46.2
Outstanding at year end	12,975,000	28.1	8,450,000	35.8
Exercisable at year end	12,975,000	28.1	8,450,000	35.8

Nil unlisted employee options lapsed during the year (2020: 250,000) and Nil options expired (2020: 4,650,000). The weighted average remaining contractual life of share options outstanding at the end of the financial year was 1.46 years (2020: 2.06 years) and the exercise prices ranged from 15.0 cents to 46.5 cents (2020: 15.0 cents to 46.5 cents).

The weighted average fair value of the employee share options granted during the year was 11.15 cents (2020: 8.80 cents). The fair value of the options was estimated using a Black-Scholes pricing

model. Expected volatility was based on the historical movement of the underlying share price around its average share price. The assumption that the historical volatility is indicative of future trends may also not necessarily be the actual outcome.

Inputs into the pricing model	BRBOPT16	BRBOPT17	BRBOPT18	BRBOPT18	BRBOPT19
Issue date share price	\$0.265	\$0.240	\$0.230	\$0.225	\$0.155
Exercise price	\$0.339	\$0.291	\$0.281	\$0.281	\$0.200
Expected volatility	85.00%	85.15%	84.80%	84.66%	82.07%
Option life	3.00 years	2.99 years	3.00 years	2.98 years	2.92 years
Risk-free interest rate	0.27%	0.27%	0.17%	0.15%	0.20%

(b) Other party options

In addition to options issued to employees, the Company may also issue unlisted options to other parties.

There were no other party options granted during the year.

(c) Share-based payments expenses

During the year, an amount of \$523,772 was recognised as a share-based payment expense.

18. Key management personnel transactions

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

	2021 \$	2020 \$
Short term benefits	988,675	1,007,485
Post-employment benefits	29,940	36,696
Share-based payments	418,664	78,862
	1,437,279	1,123,043

There were no loans to/from key management personnel during the year. Detailed remuneration disclosures are provided in the Remuneration Report commencing on page 22.

19. Related party transactions

In addition to the services provided by Mr Sanders, the value of which is shown as Mr Sanders' remuneration in the Remuneration Report commencing on page 22, Goldfields Geological Associates is also reimbursed for other Company expenses including software maintenance and other out-of-pocket costs incurred on the Company's behalf. The value of these expenses incurred during the year was \$18,208.38 (2020: \$44,813).

The Company had no other transactions with related parties during the year except as outlined above and the payments to the key management personnel disclosed in the Remuneration Report commencing on page 22.

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

20. 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

	2021 \$	2020 \$
Rothsay Auditing – audit and review of financial reports	<u>22,000</u>	<u>22,000</u>
Total remuneration for audit services	<u>22,000</u>	<u>22,000</u>

(b) Non-audit services

There were Nil non-audit services provided by the auditor of the Company, Rothsay Auditing, during the year (2020: Nil).

21. Subsequent events

The impact of the COVID-19 pandemic is ongoing and while there has been no material impact on the Company's financial position and operation up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the WA and Australian Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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 2021.

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 34 to 50 are in accordance with the *Corporations Act 2001* (Cth), including:
 - i. complying with Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;
- ✘ in the opinion of the directors 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* (Cth).

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

On behalf of the directors



TOM SANDERS
Executive Chairman

Perth, 31 August 2021



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.rothsay.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

BREAKER RESOURCES NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Breaker Resources NL ("the Company") which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BREAKER RESOURCES NL (continued)

<i>Key Audit Matter - Cash and Cash Equivalents</i>	<i>How our Audit Addressed the Key Audit Matter</i>
<p>The Company's cash and cash equivalents and term deposits make up 95% of total assets by value and are considered to be the key driver of the Company's operations and exploration activities.</p> <p>We do not consider cash and cash equivalents and term deposits to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However due to the materiality in the context of the financial statements as a whole, this is considered to be an area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.</p>	<p>Our procedures over the existence of the Company's cash and cash equivalents and term deposits included but were not limited to:</p> <ul style="list-style-type: none"> • Documenting and assessing the processes and controls in place to record cash transactions; • Testing a sample of cash payments to determine they were bona fide payments, were properly authorised and recorded in the general ledger; and • Agreeing 100% of cash holdings to independent third-party confirmations. <p>We have also assessed the appropriateness of the disclosures included in the financial report.</p>
<i>Key Audit Matter - Exploration and Evaluation Expenditure</i>	<i>How our Audit Addressed the Key Audit Matter</i>
<p>The Company incurred significant exploration and evaluation expenditure during the year.</p> <p>We do not consider exploration and evaluation expenditure to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However due to the materiality in the context of the financial statements as a whole, this is considered to be an area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.</p>	<p>Our procedures in assessing the exploration and evaluation expenditure included but were not limited to the following:</p> <ul style="list-style-type: none"> • We enquired of management and reviewed work programs on exploration and evaluation on the mineral resources in the Company's areas of interest and cross referenced these discussions to ASX announcements and where applicable minutes of directors' meetings; • We tested a sample of exploration and evaluation expenditure to supporting documentation to ensure they were bona fide payments; and • We assessed the processes and controls in place to record exploration and evaluation transactions. <p>We have also assessed the appropriateness of the disclosures included in the financial report.</p>



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BREAKER RESOURCES NL (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BREAKER RESOURCES NL (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2021.

In our opinion the remuneration report of Breaker Resources NL for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Rothsay Auditing

Dated 31 August 2021

Daniel Dalla
Partner

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is provided below. The information is current as at 4 October 2021.

Corporate Governance Statement

The 2021 Corporate Governance Statement of Breaker Resources NL is available on the Company's website at <http://www.breakerresources.com.au/company/corporate-governance>.

Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

	Fully paid ordinary shares		
	Number of holders	Number of shares	% held
1-1,000	129	20,172	0.01
1,001-5,000	527	1,643,365	0.50
5,001-10,000	373	3,336,234	0.96
10,001-100,000	1,092	42,484,537	13.04
100,001 and over	362	278,567,672	85.49
	2,500	325,840,929	100

Unmarketable Parcel

There are 205 holders of unmarketable parcels of fully paid ordinary shares, based on the closing market price of \$0.285 on 4 October 2021, representing 130,470 shares and amounting to 0.04% of issued capital.

Restricted Securities

There are no restricted securities on issue.

Voting Rights

All fully paid ordinary shares carry one (1) vote per share without restriction. Unlisted options carry no attaching voting rights.

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act, and the details of their holding at the time of notification, are:

	Shareholder	Voting interest	Voting power
		Number	%
1	Mr Thomas Stephen Sanders & Mrs Helen Sanders	23,914,531	7.34
2	Franklin Resources, Inc., and its affiliates	20,833,333	6.37

Top 20 Shareholders

The names of the 20 largest holders of quoted fully paid ordinary shares (ASX: BRB) are:

	Shareholder	Ordinary shares Number	Equity held %
1	Citicorp Nominees Pty Ltd	34,737,588	10.66%
2	HSBC Custody Nominees (Australia) Limited	32,550,157	9.99%
3	HSBC Custody Nominees (Australia) Limited	24,787,550	7.61%
4	Mr Thomas Stephen Sanders & Mrs Helen Sanders	15,277,033	4.69%
5	Norfolk Enchants Pty Ltd	9,000,000	2.76%
6	Mr Thomas Stephen Sanders & Mrs Helen Sanders	8,452,387	2.59%
7	BT Portfolio Services Limited	8,000,000	2.46%
8	J P Morgan Nominees Australia Pty Limited	5,230,924	1.61%
9	Kurraba Investments Pty Ltd	5,021,429	1.54%
10	HSBC Custody Nominees (Australia) Limited	4,950,987	1.52%
11	BNP Paribas Nominees Pty Ltd	3,303,305	1.01%
12	Dr Super (WA) Pty Ltd	3,075,000	0.94%
13	Maanhato Pty Ltd	3,003,850	0.92%
14	T T Nicholls Pty Ltd	2,825,000	0.87%
15	Palmer Bookmaking Pty Ltd	2,811,681	0.86%
16	Kemast Investments Pty Ltd	1,844,828	0.57%
17	Ross Sutherland Properties Pty Ltd	1,813,895	0.56%
18	Mr Johan Schicht	1,700,000	0.52%
19	Mr Murray Dann	1,650,000	0.51%
20	BNP Paribas Noms Pty Ltd	1,605,829	0.49%
		171,641,443	52.68%

Unquoted Securities

Details of unquoted securities on issue are:

Class	Securities Number	Holders Number
Unlisted 46.5 cent options, exercisable on or before 31 December 2021	4,250,000	2
Unlisted 37.5 cent options, exercisable on or before 20 November 2022	1,000,000	1
Unlisted 24.6 cent options, exercisable on or before 28 February 2023	125,000	1
Unlisted 19.5 cent options, exercisable on or before 28 February 2023	1,000,000	1
Unlisted 16.9 cent options, exercisable on or before 28 February 2023	150,000	1
Unlisted 16.6 cent options, exercisable on or before 28 February 2023	1,000,000	1
Unlisted 28.8 cent options, exercisable on or before 15 May 2023	200,000	1
Unlisted 32.0 cent options, exercisable on or before 28 February 2023	550,000	1
Unlisted 33.9 cent options, exercisable on or before 10 July 2023	200,000	1
Unlisted 28.1 cent options, exercisable on or before 30 September 2023	3,750,000	3
Unlisted 20.0 cent options, exercisable on or before 31 May 2024	200,000	1
Unlisted 29.1 cent options, exercisable on or before 31 August 2023	550,000	1
Unlisted 25.1 cent options, exercisable on or before 6 September 2024	2,000,000	1

Holders of 20% or more of the class

There are no relevant holders of 20% or more of a class of unquoted securities.

On-market Buy-back

There is no current on-market buy-back.





ABN: 87 145 011 178

12 Walker Avenue, West Perth, Western Australia 6005

Tel: +61 8 9226 3666 | Fax: +61 8 9226 3668

Email: breaker@breakerresources.com.au

www.breakerresources.com.au