



ABN 87 145 011 178

NOTICE OF ANNUAL GENERAL MEETING  
EXPLANATORY MEMORANDUM  
AND  
PROXY FORM

Date of Meeting  
20 November 2012

Time of Meeting  
1:00 pm

Place of Meeting  
The Celtic Club (Presidents' Room)  
48 Ord Street  
WEST PERTH WA 6005

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Graeme Smith, on (+61 8) 9389 2124.*

**BREAKER RESOURCES NL**  
**ACN 094 291 933**  
**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Shareholders of Breaker Resources NL (Company) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 20 November 2012 at 1:00 pm for the purpose of transacting the following business.

**The business at the Meeting affects your Shareholding and your vote is important.**

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice.

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the glossary contained in the Explanatory Memorandum.

**2012 Financial Statements**

To receive the financial statements of the Company for the year ended 30 June 2012 consisting of the annual financial report, the Directors' report and the auditor's report.

*The reports referred to above are included in the 2012 Breaker Resources NL Annual Report which has been released to ASX and may be viewed on the Company's website at [www.breakerresources.com.au](http://www.breakerresources.com.au)*

**Resolution 1 – Re-election of Mr Mark Edwards as a Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That, for the purpose of clause 6.3 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Mark Edwards, a Director who retires by rotation, and being eligible, is re-elected as a Director of the Company."*

**Short Explanation:** Pursuant to the Company's Constitution, one-third of the Directors of the Company (other than the managing Director) must retire at each AGM and, being eligible, may offer themselves for re-election at that AGM.

**Resolution 2 – Adoption of Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following advisory only resolution:

*"That, for the purposes of Section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company's 2012 Annual Report be and is hereby adopted."*

**Short Explanation:** Section 250R of the Corporations Act requires a listed company to put to Shareholders at each AGM a resolution adopting the report on the remuneration of the Company's Directors, executives and senior managers included in the Company's Annual Report. The above Resolution is being proposed to comply with this requirement. The vote on this Resolution is advisory and neither binds the Company's Directors nor the Company. A reasonable opportunity will be provided to Shareholders for discussion of the Remuneration Report at the AGM.

**Voting Prohibition:** The Company will, in accordance with the Corporations Act, disregard any votes cast on Resolution 2 by a member of the Key Management Personnel (details of whose remuneration are included in the Remuneration Report) or a Closely Related Party of such a member. However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### Resolution 3 – Ratification of prior issue of Options to the Company's Exploration Manager

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes Shareholders ratify the allotment and issue of 1,000,000 Options on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 3 by Horizon Resources Pty Ltd and any associates of Horizon Resources Pty Ltd. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### Resolution 4 – Adoption of Employees Option Plan 2012 of Breaker Resources NL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That, for the purpose of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employees Option Plan 2012 of Breaker Resources NL on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### Resolution 5 – Approval of 10% Placement capacity

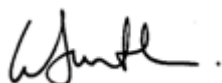
To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

*"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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By order of the Board.



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Graeme Smith  
Company Secretary

Date: 15 October 2012

## PROXIES

To vote by proxy, please complete and sign the enclosed Proxy Form and return no later than 1:00 pm (WST) on 18 November 2012:

- by post to:  
  
Breaker Resources NL,  
Suite 2, 20 Altona Street  
WEST PERTH WA 6005; or
- by facsimile on +61 8 9226 3668; or
- by email to [breaker@breakerresources.com.au](mailto:breaker@breakerresources.com.au).

A Shareholder entitled to attend and vote at the above meeting has the right to appoint up to two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights.

A proxy may, but need not be, a Shareholder of the Company.

The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer duly authorised.

The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the registered office of the Company at least 48 hours prior to the meeting. For the convenience of Shareholders a Proxy Form is enclosed.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

#### ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company determines that members holding Shares at 5:00 pm WST time on 19 November 2012 will be entitled to attend and vote at the AGM.

#### CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company before the meeting.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the Shareholders of Breaker Resources NL ACN 094 291 933 (Company) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at The Celtic Club (Presidents' Room), 48 Ord Street, West Perth, Western Australia, on 20 November 2012 commencing at 1:00 pm.

This Explanatory Memorandum should be read in conjunction with, and form part of, the accompanying notice.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the glossary as contained in this Explanatory Memorandum.

At the AGM, Shareholders will be asked to consider the following Resolutions:

- re-electing Mr Mark Edwards as a Director, who retires by rotation in accordance with the Company's Constitution;
- adopting the Remuneration Report;
- ratifying prior issue of options to Exploration Manager, Alastair Barker (or nominee);
- approval of an amendment to the Employees Share Option Plan 2012 of Breaker Resources NL; and
- approval of an additional 10% placement capacity for Equity Securities in the 12 months following the date of the Meeting.

### Financial and Other Reports

As required by Section 317 of the Corporations Act, the financial statements for the year ended 30 June 2012 and the accompanying Directors report, Directors' declaration and auditor's report will be laid before the meeting.

Neither the Corporations Act, nor the Company's Constitution requires a vote on the reports. However, the Shareholders will have an opportunity to ask questions about the reports at the AGM.

### Resolution 1 – Re-election of Mr Mark Edwards as a Director

#### 1.1 Introduction

Clause 6.3 of the Constitution and Listing Rule 14.4 both provide that no director of the Company may hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever period is longer. Clause 6.3 of the Constitution requires that one third of the Company's directors must retire at each AGM.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

The Company currently has 3 directors and accordingly 1 must retire.

A Director who retires by rotation under clause 6.3 of the Constitution is eligible for re-election.

Accordingly, Mr Mark Edwards will retire by rotation and, being eligible, offers himself for re-election.

Resolution 1 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

## 1.2 Director's Biography

Mr Mark Edwards was appointed as a Non-Executive Director on 2 July 2010.

Mark Edwards is a solicitor with over 25 years of experience in resources and corporate law.

Mr Edwards has advised a range of ASX listed companies active in the resources sector. He has advised on a range of resources projects in Australia and overseas, including significant nickel, gold and iron ore projects. Mark's professional work has involved him in many facets of the resources industry ranging from ASX listings, exploration and mining joint ventures, project development agreements and project financing.

Mark has previously served as a non-executive director of an ASX listed company involved in exploration and production of gold.

## 1.3 Directors' Recommendation

All the Directors except Mr Edwards recommend that Shareholders vote in favour of Resolution 1.

## Resolution 2 – Remuneration Report

### 2.1 Introduction

As required by the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about the Board's policy for determining the nature and amount of remuneration of the Directors and senior executives of the Company;
- a description of the relationship between the Company's remuneration policy and the Company's performance;
- a summary of performance conditions for each of the Directors and senior executives, including a summary of why they were chosen and how performance is measured against them; and
- remuneration details for each Director and for each of the Company's specified executives.

The Remuneration Report, which is part of the Annual Report, has been sent to Shareholders who have made an election to receive the Annual Report. Copies of the Annual Report are available by contacting the Company's share register or visiting the Company's web site [www.breakerresources.com.au](http://www.breakerresources.com.au).

### 2.2 Voting on the Remuneration Report

In accordance with section 250R(4) of the Corporations Act, a vote on the Remuneration Report Resolution must not be cast (in any capacity) by or on behalf of either the following persons:

- (a) a member of the key management personnel, whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on the Resolution if:

- (c) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the Remuneration Report Resolution; and
- (d) the vote is not cast on behalf of the person described in paragraphs (a) or (b) above.

The Chairman will cast available proxies in favour of Resolution 2.

Shareholders may choose to direct the Chairman to vote for or against Resolution 2 or to abstain from voting.

### 2.3 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

### 2.4 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (Spill Resolution) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (Spill Meeting) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the previous financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

### 2.5 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

### 2.6 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

*If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy*

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

*If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member).*

You do not need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.



*If you appoint any other person as your proxy*

You do not need to direct your proxy how to vote on this Resolution, and you do not need to mark any further acknowledgement on the Proxy Form.

**Resolution 3 – Ratification of Prior Issue of Options to Alastair Barker, Exploration Manager (or Nominee)**

**3.1 General**

On 11 July 2012, the Company issued 1,000,000 Options to Horizon Resources Pty Ltd as nominee of the Company's Exploration Manager, Mr Alastair Barker, to provide Mr Barker a market linked incentive in his role as the Exploration Manager for the Company (Incentive Option Issue).

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the Incentive Options Issue.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the Incentive Options Issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

**3.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Incentive Options Issue:

- (a) 1,000,000 Options were allotted and issued;
- (b) the options were issued for nil cash consideration as they were issued to provide the Company's Exploration Manager a market linked incentive in his role as the Exploration Manager of the Company;
- (c) the Options were issued on the terms and conditions set out in Schedule 1; and
- (d) the Options were allotted and issued to the Company's Exploration Manager's nominee, Horizon Resources Pty Ltd, which party is not related to the Company; and
- (e) no funds were raised from the Incentive Options Issue by the Company as the Options were issued for nil cash consideration.

**Resolution 4 - Approval Employees Option Plan 2012 of Breaker Resources NL**

**4.1 General**

Resolution 4 seeks Shareholders approval for the adoption of the employee incentive scheme titled Employees Option Plan 2012 of Breaker Resources NL (Plan) in accordance with ASX Listing Rule 7.2 (Exception 9(b)). Subject to shareholder approval of the Plan, the Company will terminate its existing employee option plan called the Employees Option Plan of Breaker Resources NL. If Resolution 4 is not passed, then the Company's existing employee option plan will continue and will not be terminated. The purpose of adopting the Plan and terminating the existing employee option plan is for the Company to have an employee option plan in place that allows for, in certain circumstances, a cashless exercise price of Options. Further details in relation to a cashless exercise of Options (issued under the Plan) are set out in section 4.2 (f) below.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to issue Options under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Options have previously been issued under the Plan.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company. The Plan also has provision for a cashless exercise of Options mechanism (described below) that, if implemented, results in less Shares being issued with less dilution to Shareholders.

Any future issues of Options under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in section 4.2 below. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary, Mr Graeme Smith, by email to [graeme@dwcorporate.com](mailto:graeme@dwcorporate.com). Shareholders are invited to contact the Company if they have any queries or concerns.

#### 4.2 Summary of the Plan

The material terms of the Plan can be summarised as follows:

(a) Eligible Participants

Means full or part time employees or directors of the Company or an Associated Body Corporate (Eligible Participants).

(b) Purpose of the Plan

The purpose of the Plan is to provide an incentive to encourage participation by Eligible Participants in the Company through securities ownership and to attract, motivate and retain Eligible Participants.

(c) Offer of Rights

When an Eligible Participant satisfies specified criteria imposed by the Board (including performance criteria and specified periods of tenure) the Board may make a written offer (Offer) to the Eligible Participant of Options. The Offer will specify the number of Options being offered and the conditions that must be met by the Eligible Participant before the Options will vest.

(d) Number of Options Offered

The number of Options that will be offered to an Eligible Participant pursuant to an Offer is entirely within the discretion of the Directors.

(e) Vesting Conditions

The Options will not vest unless the vesting conditions imposed by the Board have been satisfied.

(f) Exercise Price

The exercise price of any Option offered to an Eligible Participant shall be at the absolute discretion of the Board.

Where the market price of a Share exceeds the exercise price of an Option at the time of exercise of Options, the Company may decide in its absolute discretion that an Option holder will not be required to provide payment of the exercise price of Options exercised or to be exercised but only if on exercise of the Options, the Option holder elects that the Company instead allot and issue the number of Shares that are, on the exercise date, equal in value (with value determined in accordance with the market price) to the difference between the market price, calculated on the date of exercise, of the Shares which would otherwise have been issued as a result of such exercise and the exercise price otherwise payable in relation to the options so exercised (with the number of Shares rounded down).

(g) Lapse of Options

Rights that have not vested will lapse on the second anniversary of the date of grant of the Option or such later date as agreed by the Board.

The Options will immediately lapse where:

- (i) the Eligible Participant ceases to be an employee or director of the Company or its Related Bodies Corporate; or
- (ii) the exercise date has passed.

(h) Shares Allotted Upon Exercise of Options

The Company will issue or transfer shares to the Eligible Participant as soon as practicable after the exercise of any Options. The shares allotted under the Plan will be of the same class and will rank equally with shares in the Company at the date of issue. The Company will seek listing of the new shares on ASX within the time required by the ASX Listing Rules.

(i) Transfer of Options

An Option issued under the Plan is not transferable without the consent of the Board.

(j) Takeover

The Directors, when granting an Option, may in their absolute discretion determine that the terms of the following Rule in relation to takeovers, or a modified form of them as the Directors determine, is included in the Option Certificate as terms on which the Options are granted.

*"If a takeover bid is made for Shares then, at any time during from the date of the offer until 1 month at the end of the offer period, the Option Holder may exercise each Option (which has not yet been cancelled under Rule 22.2(b)) at the Exercise Price, despite the fact that either it is then outside an exercise period specified in the Option Certificate or a performance hurdle specified in the Option Certificate has not yet been satisfied.*

(k) Bonus Issues, Rights Issues and Capital Reconstruction

In order to prevent a reduction of the number of shares to which the Rights relate in the event of bonus issues, rights issues or a capital reconstruction, there are provisions in the rules which provide a method of adjustment of the number of Rights to prevent such a reduction. Any adjustments will be made in accordance with the Listing Rules.

(l) Participation in New Issues

There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new shares of capital offered to shareholders during the currency of the Options. In addition holders of the Options will not be entitled to vote or receive dividends as a result of their holding of Options.

## Resolution 5 – approval of 10% placement capacity

### 5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (10% Placement Capacity).

The Company is an Eligible Entity.

If Shareholders approve Resolution 5, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 5.2 below).

The effect of Resolution 5 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

### 5.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$13,224,001 (based on the Company's closing price of Shares of \$0.24 on 25 September 2012).

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 2 classes of Equity Securities on issue, being the Shares and 1 class of listed Options (ASX Codes: BRB and BRBO respectively).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
  - (A) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (B) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (C) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval; and

(D) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

### 5.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

#### (a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (ii) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (iii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 5.3(a)(i), the date on which the Equity Securities are issued.

#### (b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

#### (c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue		Dilution		
		\$0.12 50% decrease in Issue Price	\$0.24 Issue Price	\$0.48 100% increase in Issue Price
55,100,004 (Current – variable A)	Shares issued-10% voting dilution	5,510,000 Shares	5,510,000 Shares	5,510,000 Shares
	Funds raised	\$661,200	\$1,322,400	\$2,644,800
82,650,006 (50% increase in variable A)	10% voting dilution - Shares issued	8,265,000 Shares	8,265,000 Shares	8,265,000 Shares
	Funds raised	\$991,800	\$1,983,600	\$3,967,200
110,200,008 (100% increase in variable A)	10% voting dilution - Shares issued	11,020,000 Shares	11,020,000 Shares	11,020,000 Shares
	Funds raised	\$1,322,400	\$2,644,800	\$5,289,600

\*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- (i) The current shares on issue are the Shares on issue as at 25 September 2012.
- (ii) The issue price set out above is the closing price of the Shares on the ASX on 25 September 2012.
- (iii) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- (v) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities include quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vi) The calculations above do not show the dilution that any one particular Shareholder will be subject to as at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (vii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (viii) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's Dexter, Mt Gill, Attila West, Kurrajong, Duketon North, Mt Sefton, De La Poer and Kingston projects (funds would then be used for exploration activities and ongoing project administration) and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company acknowledges that in its initial public offer prospectus 12 March 2012 (Prospectus), the Company stated that the funds raised under the prospectus would be sufficient for the Company to undertake its corporate and strategic objectives as set out in section 3.1(b) of the Prospectus. This has not changed. The purpose of seeking the 10% Placement Capacity is to enable the Company the flexibility to issue Equity Securities in addition to the 15% placement capacity afforded to the Company under ASX Listing Rule 7.1, should the Board identify a need to do. The Company is not currently aware of any matters which would require a change to the Company's current corporate and strategic objectives.

The Company's exploration programs on its Dexter, Mt Gill, Attila West, Kurrajong, Duketon North, Mt Sefton, De La Poer and Kingston projects are detailed in the Prospectus and the Company is in the process of implementing the exploration programs as set out in the Prospectus. If the Company raises funds under the 10% Placement Capacity for the purpose of applying those funds towards further exploration expenditure on its projects, it will release details of the use of funds to ASX.

**(e) Allocation under the 10% Placement Capacity**

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

**5.4 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.



## GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

Annual General Meeting or AGM	means the Company's Annual General Meeting for the financial year ended 30 June 2012.
Annual Report	means the Directors' report, the annual financial report and auditors report in respect of the financial year ended 30 June 2012.
Associate	has the same meaning as defined in Section 11 and Sections 13 to 17 of the Corporations Act.
ASX	means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
Board	means the board of Directors of the Company.
Closely Related Party	has the same meaning as defined in Section 9 of the Corporations Act.
Company	means Breaker Resources NL ACN 094 291 933.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Eligible Entity	means an entity that, at the date of the relevant general meeting: <ul style="list-style-type: none"><li>(i) is not included in the A&amp;P/ASX 300 Index; and</li><li>(ii) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.</li></ul>
Equity Securities	includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.
Explanatory Memorandum	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
Listing Rules	means the listing rules of ASX.
Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
Notice or Notice of Meeting	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
Meeting	means the Annual General Meeting.

Option	means an Option to acquire a Share.
Plan	means the Employees Option Plan 2012 of Breaker Resources NL.
Proxy Form	means the proxy form attached to this Notice.
Remuneration Report	means the remuneration report of the Company outlined in the Annual Report.
Resolution	means a resolution contained in the Notice.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a share.
Variable A	means "A" as set out in the calculation in Section 5.2 of this Notice.
WST	Means Western Standard Time

#### SCHEDULE 1 - TERMS OF OPTIONS

The Options entitle the holder to subscribe for fully paid ordinary shares (Shares) in the capital of Breaker Resources NL (Company) on the following terms and conditions:

- (a) Each Option gives the Option holder the right to subscribe for one Share.
- (b) Each Option will expire upon the earlier of:
  - A. 5.00 pm (WST) on 31 December 2016; and
  - B. in the event the executive services agreement between the Company, Horizon Resources Pty Ltd and Mr Alistair Barker dated on or about 22 February 2012 is terminated, 5.00pm (WST) on the date which is 90 days after the date that such termination becomes effective,(Expiry Date).

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.50 (Exercise Price).
- (d) The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Option holder may exercise their Options by lodging with the Company, any time after 20 July 2012 and before 5.00 pm (WST) on the Expiry Date:
  - A. a written notice of exercise of Options specifying the number of Options being exercised; and
  - B. a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;(Exercise Notice).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 15 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will:
  - A. allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice; and
  - B. subject to the Company meeting the requirements of Section 708A(5) of the Corporations Act at the time, provide to ASX a notice complying with Section 708A(6) of the Corporation Act; and
  - C. if the Company does not meet the requirements of Section 708A(5) of the Corporations Act at the time, prepare and lodge with the Australia Securities and Investments Commission, as well as release to ASX, a prospectus for the purpose of Section 708A(11) of the Corporations Act that complies with Chapter 6D of the Corporations Act.
- (h) The Options are not transferable except with the prior written consent of the board of directors of the Company.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.

- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (m) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.