

HIGHLIGHTS**EXPLORATION****Dexter Project**

- Wide-spaced aircore drilling in progress to scope a 16 km-long gold-in-soil anomaly in the northern part of the Dexter Project in preparation for reverse circulation (RC) drilling.
- Preliminary drill results point towards a significant Archean gold system.
- Syenite porphyry assaying up to 0.7g/t gold has confirmed the presence of significant bedrock alteration and a mantle connection.
- Based on the encouraging results to date, the original 10,000m aircore drill program has been increased to 20,000m and is 50% complete. Further increases are likely based on initial observations at the Tallows Prospect.
- RC drilling is scheduled to commence in late March 2013.

Other Projects

- Seventeen gold-in-soil anomalies were identified from initial 1,600m x 400m auger sampling at the Duketon North Project.

CORPORATE

- Cash balance at the end of the quarter of \$4.4 million.



Photo 1: Aircore Drilling at the Dexter Project

Board of Directors

Tom Sanders
Executive Chairman

Mark Edwards
Non-executive Director

Mike Kitney
Non-executive Director

Senior Management

Alastair Barker
Exploration Manager

Michelle Simson
Manager Corporate
Affairs/Company Secretary

Corporate**Issued Securities:**

55.1 million ordinary shares
21.3 million listed options
8.2 million unlisted options

Cash: (31 December 2012)
\$4.4 million

Market Capitalisation:
\$19.8 million

Contact Details

Suite 2, 20 Altona Street
West Perth WA 6005

Ph: +61 8 9226 3666

Fax: +61 8 9226 3668

Email: [breaker@](mailto:breaker@breakerresources.com.au)

breakerresources.com.au

Web: www.breakerresources.com.au

ABN: 87 145 011 178

ASX CODE: BRB



INTRODUCTION

Breaker Resources NL (ASX: BRB; "Breaker") is the largest tenement holder in the Eastern Goldfields Superterrane ("EGST") in Western Australia with a 100% interest in eight exploration projects with a total area of ~5,500 km². The Company's projects are located in the largely unexplored Yamarna and Burtville Terranes and include 190 km of the Yamarna Shear Zone, several other large crustal faults and four previously undrilled greenstone belts.

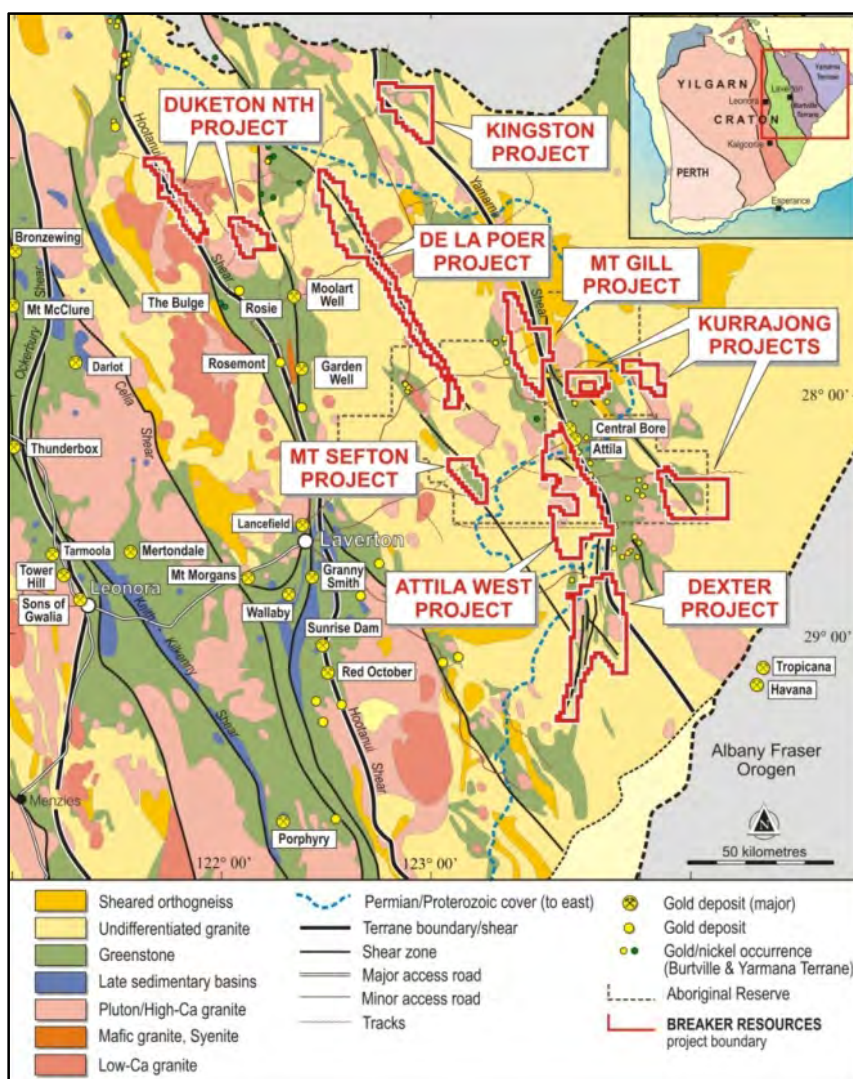


Figure 1: Breaker Resources' Project Location & Regional Geology

EXPLORATION AND EVALUATION

Dexter Project December 2012 Quarter Exploration Activities

The 1,103 km² Dexter Project ("Dexter"; Figures 1 & 2) is located 140 km south-southeast of Laverton in the southern part of the Burtville and Yamarna Terranes, 80 km northwest of the Tropicana gold deposit and 75km south of the Attila and Central Bore gold deposits.

Dexter straddles the intersection of the Yamarna and Dexter Shears, close to a prominent bend in the Yamarna Shear. The Project is dominated by extensive thin aeolian sand which overlies weathered Permian sediment and Archean basement rocks. Historical exploration is limited and prior to Breaker's activities, the Project was essentially unexplored.

Wide-spaced aircore drilling commenced in November 2012 with the objective of scoping a 16 km-long gold-in-soil anomaly identified in the northern part of the Project in the September 2012 quarter (Figure 2). Based on encouraging results to date, the aircore drill program has been increased from 10,000m to 20,000m and will likely be increased further to ensure adequate definition of targets in preparation for RC drilling.

RC drilling to test a number of targets on the 16 km Three Bears-Tallows gold system is planned to commence in late March 2013.

Interpretation of the recently acquired detailed Dexter aeromagnetic data (100m line spacing) was undertaken during the quarter by Southern Geoscience consultants.



Photo 2: Aircore Drilling at the Dexter Project

Three Bears Prospect Drilling

The Three Bears Prospect ("Three Bears"; Figure 3) consists of three separate gold-in-soil anomalies up to 2 km-long situated on and adjacent to the Dexter Shear (peak soil values of 298ppb gold and 17,415ppb silver; ASX Announcement 13 November 2012).

Prior to Christmas 6,526m of vertical aircore drilling (117 holes) was undertaken on a 400m x 80m pattern to blade refusal (Figure 3). The 80m drill spacing was then selectively closed to 40m drill spacing (on the same drill lines) over the soil anomaly peaks. Four metre composite samples were taken for gold analysis (aqua regia digest, AAS finish) in addition to bottom-of-hole samples for multi-element analysis for drill holes that successfully encountered Archean bedrock (fire assay for gold, four acid digest with ICP finish other elements). Following receipt of preliminary 4m sample composite results, 1m samples were submitted from anomalous 4m composite samples. Assay results for the 1m samples are pending.

Around 38% of the drill holes at Three Bears failed to reach bedrock. Where successful, drill penetration of Archean rocks was generally only 1m to 3m, limiting the effectiveness of the aircore drilling as a geochemical bedrock tool. Despite limited penetration of Archean bedrock, variably mineralised syenite porphyry assaying up to 0.7g/t gold was identified from bottom-of-hole analysis in several drill holes, confirming the presence of bedrock gold mineralisation (interpreted as wallrock alteration).

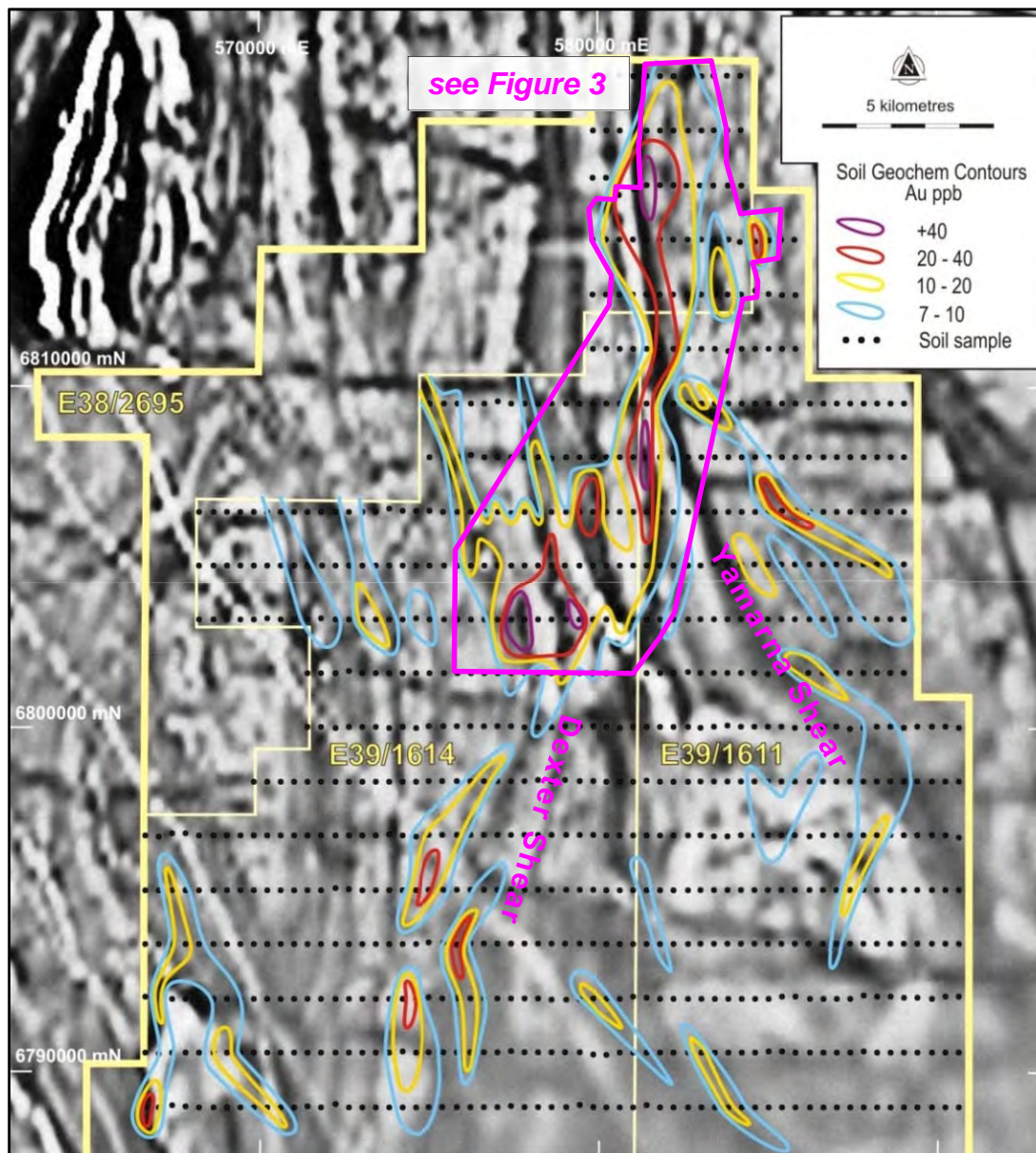


Figure 2: Dexter Project - 1,600m x 400m Gold-in-Soil Contours over Aeromagnetic Image

Four metre composite samples from the pre-Christmas drilling at Three Bears returned a maximum of 0.5g/t gold and 0.35g/t gold in Archean syenite porphyry. One metre sample results are pending.

Despite their preliminary nature and the wide drill spacing, the results at Three Bears point towards a significant Archean gold system however RC drilling is needed to confirm this. The presence of enhanced gold values in the Permian cover over known (and inferred) bedrock mineralisation enhances the effectiveness of the aircore drilling by increasing the footprint of the mineralisation in the regolith, creating a larger drill target.

In preparation for RC drilling, the Company conducted selective infill aircore drilling (2,182m for 36 drill holes; Figure 3) in January 2013 to close the line spacing to 200m (80m drill spacing) in selected areas. Assay results are pending.

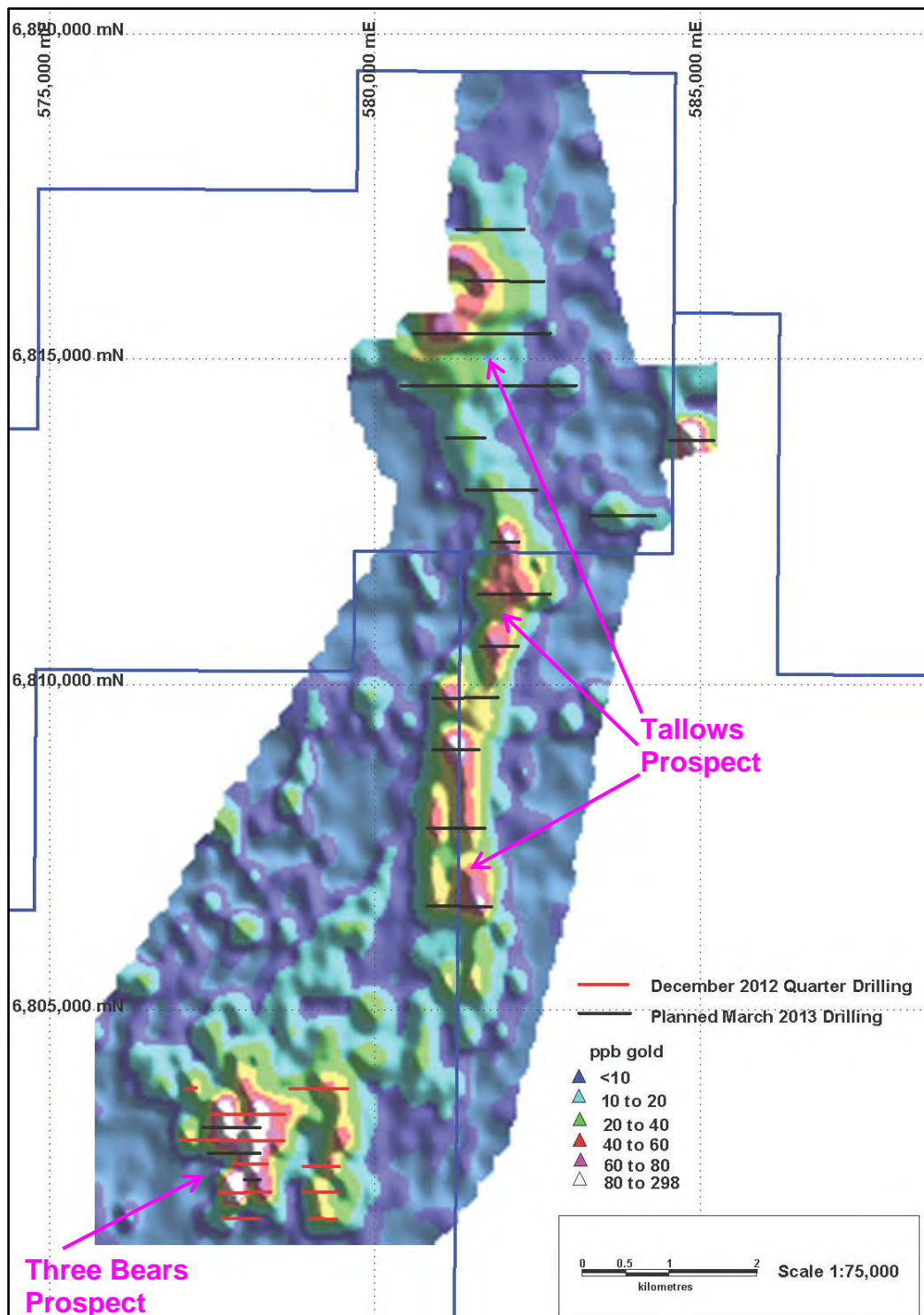


Figure 3: Dexter Project - 400m x 100m Imaged Gold-in-Soil Values

Tallows Prospect Drilling & Infill Soil Geochemistry

The Tallows Prospect ("Tallows"; Figure 3) consists of a series of +40ppb gold-in-soil anomalies extending over a 14 km strike length in the footwall and hanging wall of the Yamarna Shear (peak soil value of 130ppb gold).

During the quarter, infill multi-element auger geochemical sampling was undertaken on a 400m x 100m pattern (868 samples) to complete soil coverage of the northern part of the Prospect. The auger sampling confirmed a coherent 4 km-5 km extension of the gold-in-soil anomaly, extending the overall strike length to 14 km. The infill sampling returned a peak gold-in-soil value of 88ppb gold, however a separate anomaly, located 3 km to the east of the Tallows trend returned a peak value of 125ppb gold.

To date, 2,435m for 40 holes have been drilled with a further 8,500m planned. Initial aircore drilling is being carried out in a vertical orientation on 80m drill spacing and line spacing of 800m or 1,200m. Sheared syenitic rocks identified in the footwall of the Yamarna Shear by this drilling occur in close proximity to the gold-in-soil anomalies and have upgraded their prospectivity. As a result, it is likely that the drill pattern in this area will be closed to 400m x 40m-80m in preparation for RC drilling.

Mt Gill December 2012 Quarter Exploration Activities

The 518 km² Mt Gill Project ("Mt Gill") is located 135 km northeast of Laverton and comprises two exploration licences situated 12 km along strike from the Khan North gold deposit and 30 km along strike from the Attila-Alaric-Central Bore gold deposits.

No field exploration was undertaken at Mt Gill in the December 2012 quarter. Infill soil sampling and aircore drilling of several gold-in-soil anomalies is planned in the March 2013 quarter following a heritage clearance survey.

Attila West December 2012 Quarter Exploration Activities

The 919 km² Attila West Project ("Attila West") is located 130 km east-northeast of Laverton and comprises three tenements situated 2 km west of the Attila gold deposit, and 6 km west of the Central Bore gold deposit (Figure 4). Attila West is dominated by a large domal granite intrusion in the footwall of the Yamarna Shear and includes 50 km of the western and central structural zones of the Yamarna Shear Zone, and 3.5 km of the Yamarna Shear. Historical exploration is very limited and the vast majority of the Project is unexplored.

Exploration in the December 2012 quarter consisted of reconnaissance multi-element auger geochemical drilling on a 1,600m x 400m pattern (249 samples). This program and will be completed in the March 2013 quarter. Assay results are pending.

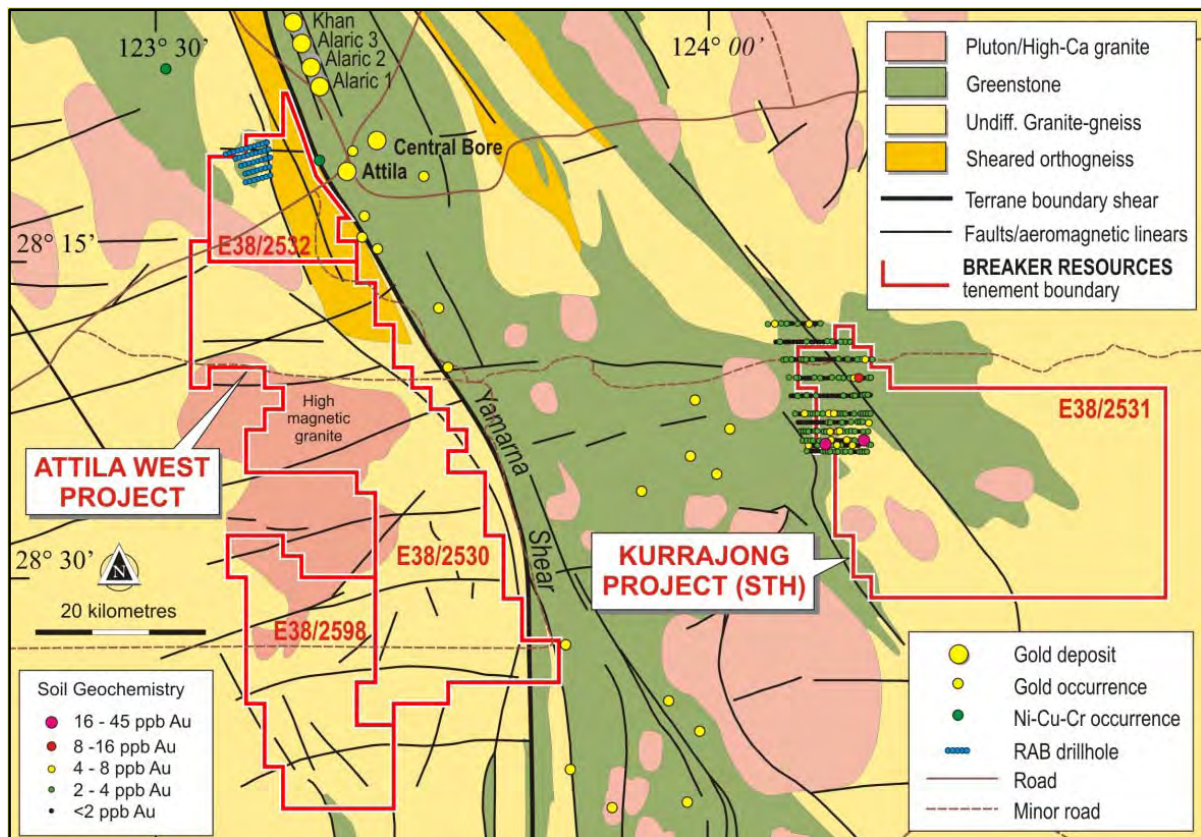


Figure 4: Attila West & Kurrajong South Projects - Interpreted Geology

Kurrajong South Project December 2012 Quarter Exploration Activities

The 570 km² Kurrajong South Project (Figure 4) is located in the Yamarna Terrane, 175 km east-northeast of Laverton and targets extensive strike lengths of the Dorothy Hills greenstone belt situated adjacent to a major fault which is in turn adjacent to a domal granite intrusion. Gold-in-soil values of up to 45ppb gold were identified in sand by WMC in 1997 at the Kurrajong South Project but no drilling was undertaken.

During the quarter, infill multi-element auger geochemical sampling was completed on a 1,600m x 400m pattern (128 samples) over the north-western part of the Project. Assay results are pending.

Duketon North Project December 2012 Quarter Exploration Activities

The 527 km² Duketon North Project (Figure 5) is located 160 km north-northwest of Laverton and 50 km north of the 10 million ounce Moolart Well/Garden Well/Rosemont gold camp. The Duketon North Project targets gold along a 42 km strike length of the Hootanui Shear, a major fault zone that separates the Kurnalpi and Burtville Terranes. No systematic historical geochemistry has previously been completed. Outcrop is limited and sand cover is thin (<2m).

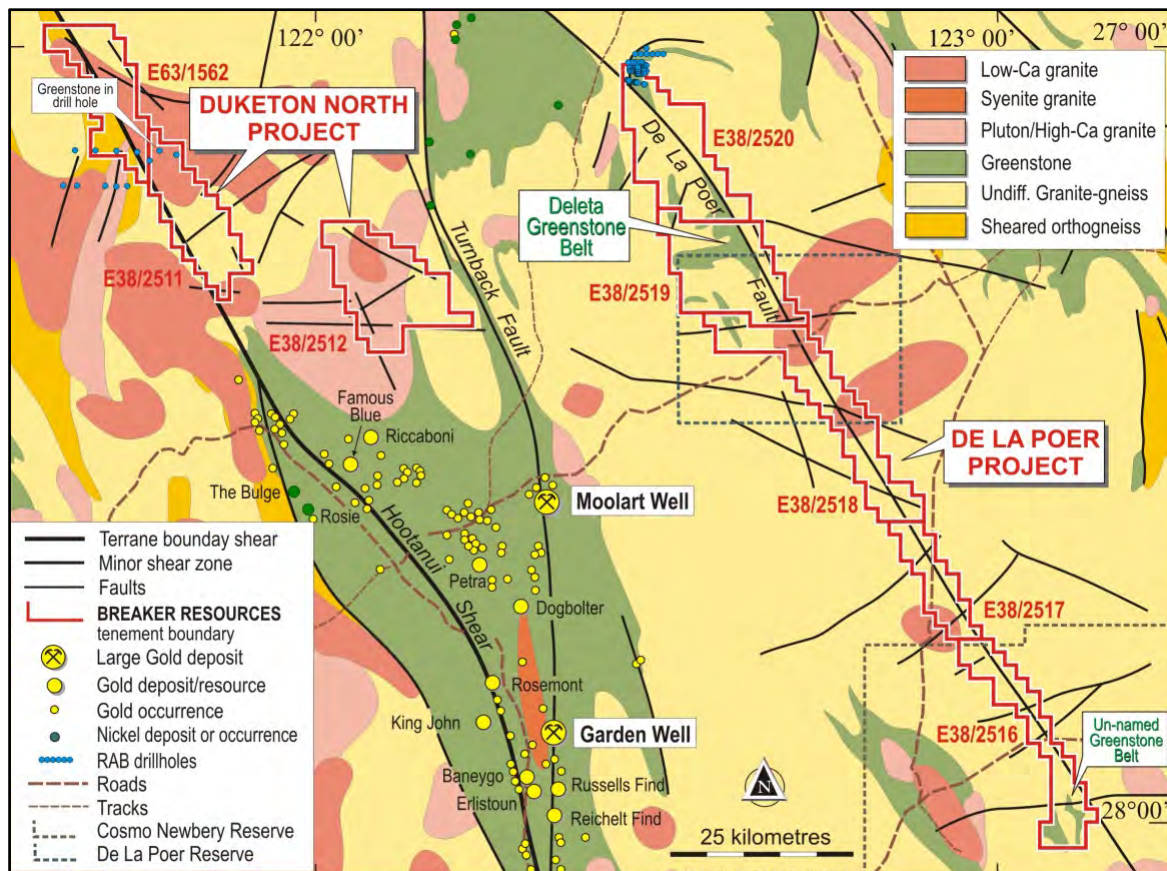


Figure 5: Duketon North & De La Poer Projects - Interpreted Geology

Exploration activity in the December 2012 quarter comprised infill multi-element auger geochemical sampling undertaken on a 1,600m x 400m pattern over the entire Project (932 samples). The geomorphology consists of thin sand cover with limited though variable bedrock weathering.

Seventeen gold-in-soil anomalies were generated with a maximum value of 10ppb gold (figure 6). Several of the soil anomalies have a spatial association with interpreted structural positions and aeromagnetic features and are consequently prospective. The magnitude of the soil response is comparable to soil anomalies associated with the Moolart Well gold deposit (3 to 7ppb gold) and the Garden Well deposit (3 to 25ppb gold) located approximately 50 km to the south.

Selective infill sampling on a 400m x 100m pattern is planned over higher priority soil anomalies in the March 2013 quarter.

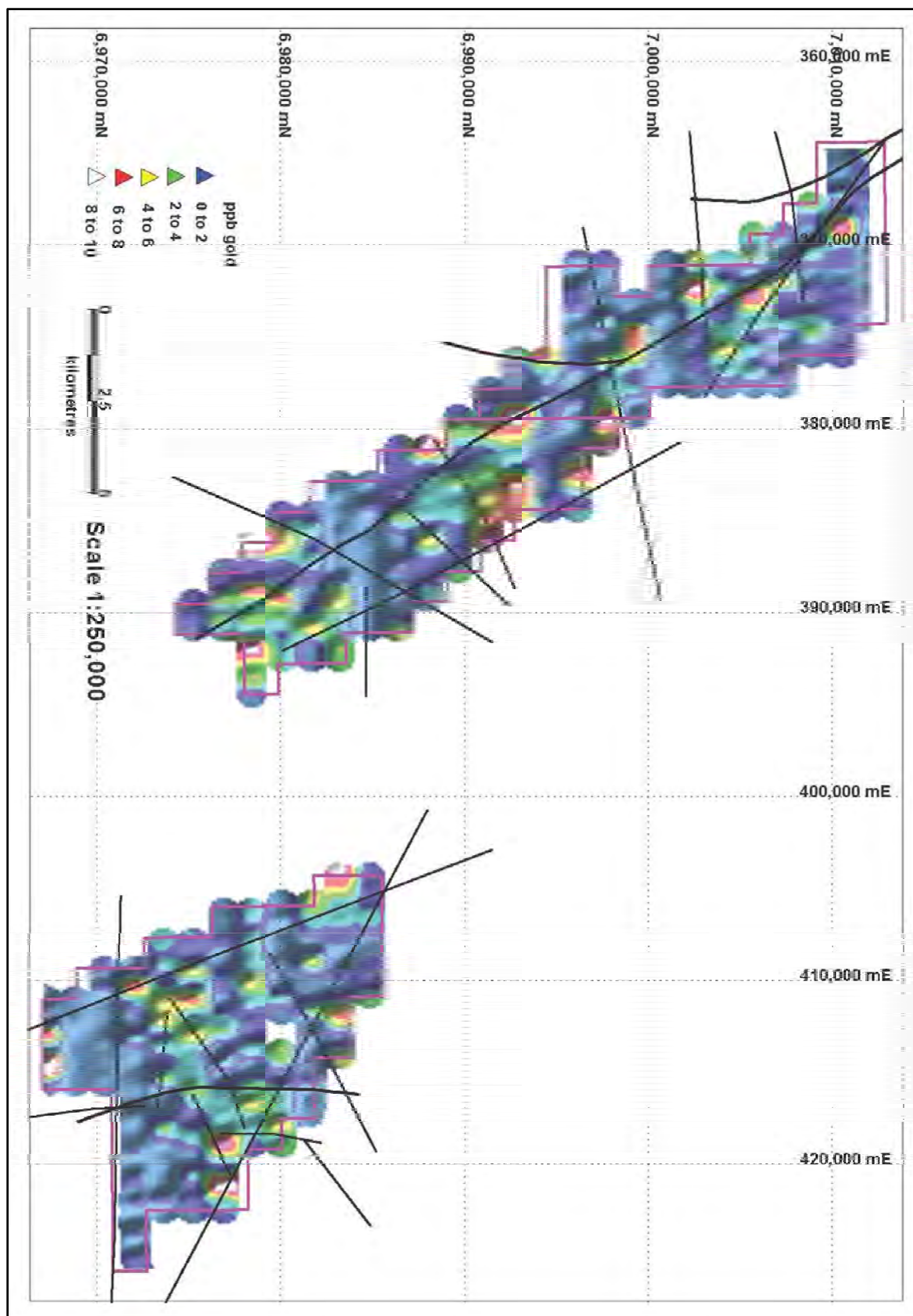


Figure 6: Duketon North Project - Imaged Gold-in-Soil with Interpreted Aeromagnetic Lines

De La Poer Project December 2012 Quarter Exploration Activities

The 870 km² De La Poer Project is located in the Burtville Terrane, 130 km northeast of Laverton and 40 km northeast of the Moolart Well gold mine. The Project targets gold along a 120 km strike length of the De La Poer Fault and includes the unexplored Deleta greenstone belt. The De La Poer Project is largely unexplored, with previous work limited to the far northern and far southern areas. Systematic geochemistry has not previously been undertaken.

Exploration during the December 2012 quarter was limited to office studies and field reconnaissance. Multi-element auger geochemical drilling on a 1,600m x 400m pattern commenced in late January 2013 and will be completed during the March 2013 quarter.

Mt Sefton Project December 2012 Quarter Exploration Activities

The 211 km² Mt Sefton Project is located 80 km east-northeast of Laverton and 50 km along strike from historic gold mineralisation at Cosmo Newbery. The Mt Sefton Project targets gold mineralisation in a small, previously undrilled greenstone belt situated within a large zone of deformation termed the Sefton Lineament. Anomalous gold-in-soil results were obtained from a soil geochemical program in the mid-1990s but were not drilled due to the lack of a native title access agreement.

Exploration during the December 2012 quarter was limited to office studies and field reconnaissance. Multi-element auger geochemical drilling on a 1,600m x 400m pattern is planned for the March 2013 quarter.

Kingston Project December 2012 Quarter Exploration Activities

The 455 km² Kingston Project is located in the Yamarna Terrane, 200 km north-northeast of Laverton and 150 km north-northwest of the Attila and Central Bore gold deposits. The Project is prospective for gold and nickel mineralisation. The Kingston Project targets a previously undrilled 35 km-long Archean greenstone belt located close to a prominent bend in the Yamarna Shear near the northern margin of the Yilgarn Craton. Significant thicknesses of cover rocks are present however a government geochemical survey encountered anomalous arsenic, antimony, bismuth, molybdenum, tin, tungsten and selenium indicating potential for gold mineralisation.

Exploration in the December 2012 quarter was limited to office studies. Multi-element auger geochemical drilling on a 1,600m x 400m pattern is planned over selected areas in the March 2013 quarter.

CORPORATE

The Company's Annual General Meeting was held on 20 November 2012. Graeme Smith stepped down and Michelle Simson assumed sole responsibility for the role of the Company Secretary on 1 December 2012.

Breaker's cash balance at the end of the December 2012 quarter was \$4.4 million.

For further information on Breaker Resources NL please visit the Company's website at www.breakerresources.com.au, or contact:

Tom Sanders

Executive Chairman

Tel: +61 8 9226 3666

Email: breaker@breakerresources.com.au

COMPETENT PERSONS STATEMENT

The information contained in this report that relates to exploration results and geological information is based on information compiled by Mr Tom Sanders and Mr Alastair Barker, officers of Breaker Resources NL and whose services have been engaged by Breaker on an 80% of full time basis. Mr Sanders and Mr Barker are Members of the Australasian Institute of Mining and Metallurgy and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are undertaking to qualify as Competent Persons as defined in the December 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Sanders and Mr Barker consent to the inclusion in this report of the information based on their work in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Breaker Resources NL

ABN

87 145 011 178

Quarter ended ("current quarter")

31 December 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(859)	(2,220)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(111)	(246)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	40	72
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(930)	(2,394)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(54)	(165)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(54)	(165)
1.13	Total operating and investing cash flows (carried forward)	(984)	(2,559)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(984)	(2,559)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	30	30
1.17	Repayment of borrowings	(3)	(3)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	27	27
	Net increase (decrease) in cash held	(957)	(2,532)
1.20	Cash at beginning of quarter/year to date	5,407	6,982
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,450	4,450

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	70
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	1,150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	450	409
5.2 Deposits at call	4,000	4,998
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,450	5,407

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter


Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (<i>description</i>)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	55,100,004	45,300,004		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (<i>description</i>)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (<i>description and conversion factor</i>)	21,250,000 3,000,000 3,000,000 2,200,000	21,250,000 - - -	<i>Exercise price</i> 25 cents 25 cents 30 cents 50 cents	<i>Expiry date</i> 31 December 2014 30 June 2016 30 June 2016 31 December 2016
7.8 Issued during quarter	1,200,000	-	50 cents	31 December 2016
7.9 Exercised during quarter				
7.10 Expired/cancelled during quarter				
7.11 Debentures (<i>totals only</i>)				
7.12 Unsecured notes (<i>totals only</i>)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 31 January 2013

Print name: **Michelle Simson**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resource* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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