

BREAKER BREAKER: POTENTIAL FOR A MAJOR GOLD DISCOVERY

Investment Highlights

- Breaker Resources (BRB) has successfully defined wide-spread oxide gold mineralisation under shallow cover at the greenfields Bombora Prospect, part of its 100% owned Lake Roe project located some 100km east of Kalgoorlie. The main target has been defined by a three phase, 386-hole aircore program (40m average depth of drilling) over an area of at least 2.2km x 1km and remains open in all directions. Results which include high grades up to 22g/t Au suggest the potential for a major new gold discovery with: 1) continuous gold-associated alteration over a large area with associated pathfinder elements; 2) prospective host rocks (large fractionated dolerite) and; 3) a stacked geometry with the potential for multiple mineralised lodes.**
- Potential for a Major New Gold Discovery:** Given the significant indications for a major gold discovery, BRB is embarking on a 5,000m RC drill program to test for high grade gold deposits within the fresh rock. The program will target several areas within the Bombora Prospect where significant oxide mineralisation has been identified. BRB is expected to complete 25-30 holes over the areas to a target depth of approximately c200m. Drilling is expected to commence on 9 February 2016 and take approximately 3 weeks to complete. First assays are expected within 3 weeks from the completion of the initial drill hole.
- Significant Gold Anomaly:** Over its three phases of aircore drilling, BRB has defined a significant gold target which is at least 2.2km long x 1km wide (Figure 2). Probably one of the most encouraging aspects of the program is that the assay results have demonstrated consistency when the drill density was increased and that the anomaly has continued to expand. The drill spacing was closed in to 100 x 40m pattern in selected areas (from 100 x 100m) and was successful in defining the broad controls of the gold mineralisation. Approximately 30% of the drill holes terminated in +50ppb gold mineralisation (drill refusal) with end of hole grades into the transitional material up to 12.87g/t Au. High grade (+3g/t Au) gold lode material was encountered in several different areas suggesting a more widespread distribution in the oxide zone and potentially in the primary zone.
- Conductive Structural Setting:** The exploration target is high-grade gold mineralisation hosted by an 800m-wide fractionated dolerite situated in a domal geometry geometrically above the east-dipping Keith-Kilkenny Shear Zone and adjacent to the Claypan Shear Zone, two major shear zones (and "domain" boundaries) that converge in the vicinity of the project (Figure 1). Examples of dolerite hosted mineralisation in the Eastern Goldfields are numerous, and include the Golden Mile deposit in Kalgoorlie, the Junction deposit at St Ives, the Salt Creek deposit at Mt Monger, and the Great Fingall/Golden Crown complex at Cue.
- Pathfinder Minerals:** BRB has identified a number of pathfinder minerals which can suggest the potential for a major gold deposit. We note within the sheared and altered dolerite there was elevated silver (up to 6.86g/t), molybdenum, arsenic, bismuth copper and tellurium.
- Adequate Cash to Complete Drill Program:** BRB reported cash of \$723k at the end of December which does not include a \$507k R&D rebate. The Company should have sufficient cash to fund the RC drill program which is anticipated to cost approximately \$300,000. We understand there is also the option for the drill contractor (Ausdrill) to be paid in 50% shares/50% cash.
- Catalysts:** 1) Imminent: Results from the Phase 3 drill program 2) 9 February 2016 Commencement of RC drilling 3) March: Assays Results.

8 February 2016

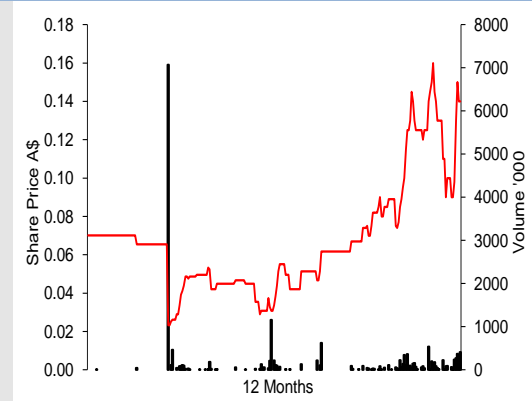
Price	A\$	0.135
RIC:BRB.AX		BBG: BRB AU
Shares o/s	m	89.6
Free Float	%	58
Market Cap.	A\$m	12
Cash	A\$m	0.723
3mth Av. D. T'over	A\$m	0.65
52wk High/Low	A\$	0.02/0.16

Analyst: Simon Tonkin
Phone: (+61 8) 9225 2816
Email: stonkin@psl.com.au

Disclosure: Patersons Securities acted as Lead Manager and Underwriter for an Entitlement Issue that raised \$553,775 at \$0.04/sh in October 2015. Patersons received a fee for this service.

An investment in this company should be considered speculative and note assumptions employed are contingent on broader market conditions remaining buoyant. These can change at short notice.

12 Month Share Price Performance



Performance %	1mth	3mth	12mth
Absolute	-10	80	93
Rel. S&P/ASX 300	1	107	135

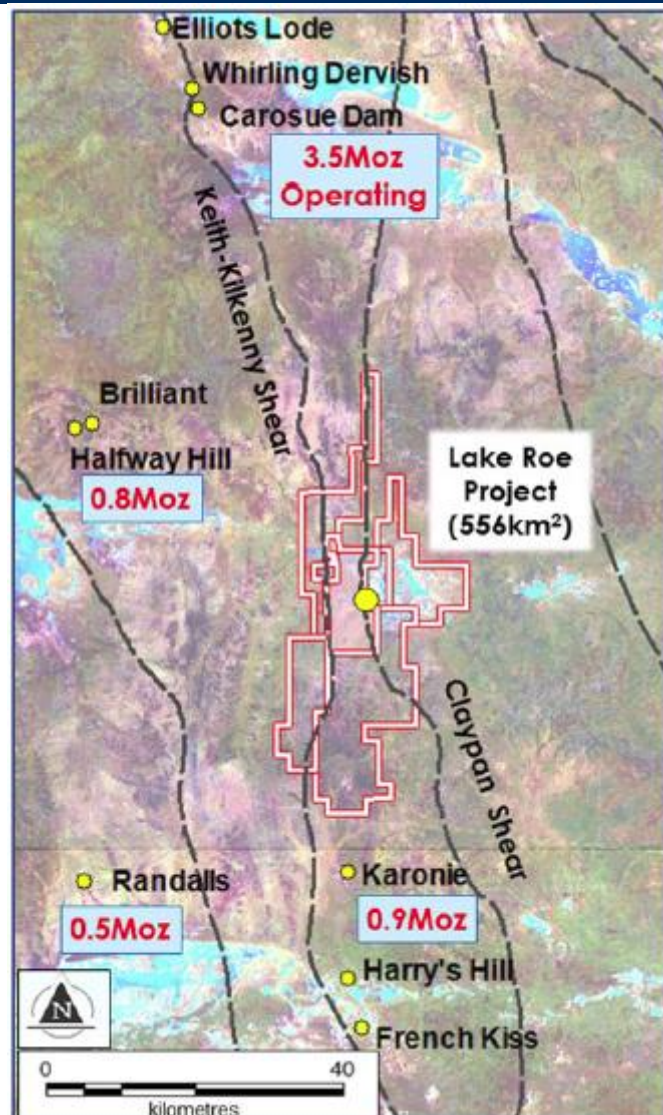
LAKE ROE PROJECT

The 100%-owned Lake Roe Gold Project is located 100km east of Kalgoorlie in the Eastern Goldfields Superterrane. The project is located in an area of shallow (5m to 40m) transported cover between the Carosue and Karonie gold deposits situated 60km to the north and 30km south respectively (Figure 1). The project currently comprises one granted tenement and five applications, comprising a total area of 556km².

The main target at the Lake Roe Project is high-grade gold mineralisation hosted by the upper granophyric portion of a 800m-wide fractionated dolerite in an area of shallow cover (20-40m). The dolerite is situated geometrically above the Keith-Kilkenny Lineament, similar to that at the Karari-Carosue Dam and Karonie gold deposits located along strike.

From 1991 to 1998, supergene gold anomalism was identified by historic vertical rotary air blast and aircore drilling (maximum grade of 4m at 0.71 g/t Au; WAMEX Report A34230). The anomalous gold generally starts at a depth of 30m and occurs near the base of the active weathering front. The bedrock below this zone is essentially untested. Although the gold potential of the area was identified by previous large company explorers, systematic follow-up of the results did not occur, apparently due to non-geological factors such as inconvenient tenement boundaries at the time, and changes in company priorities and market conditions.

Figure 1: Lake Roe Gold Project



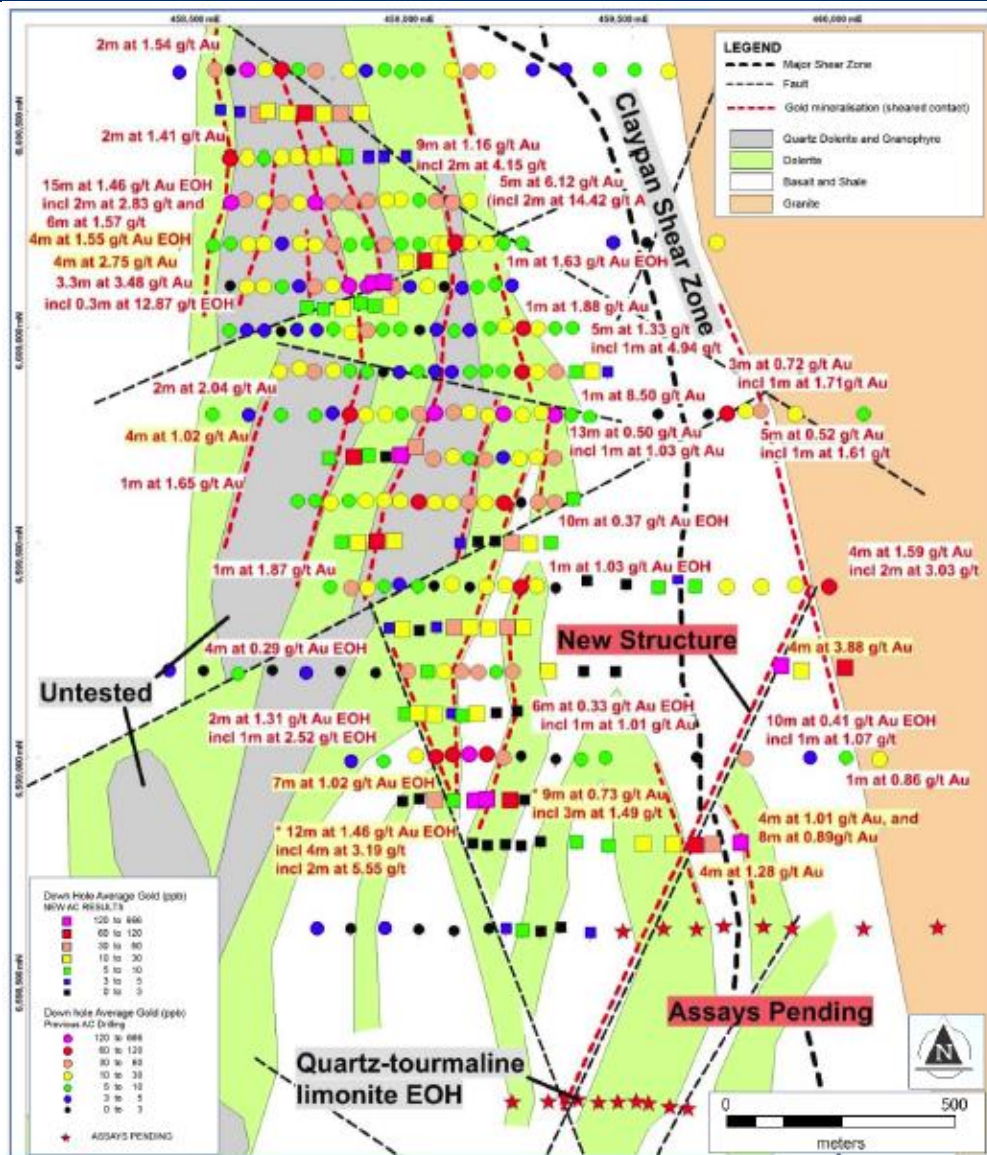
Source: Breaker Resources NL

BRB has conducted three phases of aircore drilling to define a significant gold target which is at least 2.2km x 1km in size (Figure 2). A progressive tightening of the drill density has successfully defined the broad controls of the mineralisation and upgraded the geological continuity, and enhancing the resource potential as a result (minimum 100m x 40m hole spacing). We note the minimum drill spacing is still too wide to establish the continuity of the +3g/t Au mineralisation and that the aircore drill technique is only effective in soft oxide rock. As a result, many drill holes end in mineralisation on drill refusal, an aspect that the upcoming RC drilling will rectify. In the latest aircore program, step-out drilling on a wider drill spacing identified a new 700m NE-trending structure with a best intersection of 4m at 3.88g/t Au.

The geometry of the higher gold grade mineralisation is still being unravelled. A prominent east-west structure in the north central part of the gold system (~6,600,000N) appears to be associated with high grade (+3g/t) gold (best intersection of 5m at 6.12g/t Au, including 2m at 14.42g/t Au; ASX Release 26 August 2015) but is parallel to the drill direction and therefore largely untested (all holes angled 60 degrees to the west).

Given the significant indications for a major gold discovery BRB is embarking on a 5,000m RC program to gauge the tenor of mineralisation in the fresh rock. The program will target several areas of higher grade anomalism and test the potential to host a large gold deposit. BRB is expected to complete 25 holes over the areas to a depth of c200m. The program is expected to commence on 9 February 2016 and take approximately 3 weeks to complete. First assays are expected within 3 weeks from the commencement of the drill program

Figure 2: Bombora Prospect, Lake Roe Project



Source: Breaker Resources NL

1300 582 256

patersons@psl.com.au

www.psl.com.au

Research

Rob Brierley - Head of Research

Phone: (+61 8) 9263 1611

Email: rbrierley@psl.com.au

Hira Sakrani - Research Assistant

Phone: (+61 3) 9242 4052

Email: hsakrani@psl.com.au

Mia Wang - Research Assistant

Phone: (+61 8) 9263 1650

Email: mwang@psl.com.au

Strategy & Economics

Tony Farnham - Economist

Phone: (+61 2) 9258 8973

Email: tfarnham@psl.com.au

Andrew Quin - Research Strategy Coordinator

Phone: (+61 8) 9263 1152

Email: aquin@psl.com.au

Kien Trinh - Senior Quantitative Analyst

Phone: (+61 3) 9242 4027

Email: ktrinh@psl.com.au

Commodities

Jason Chesters - Analyst

Phone: (+61 8) 9263 1144

Email: jchesters@psl.com.au

Simon Tonkin - Senior Analyst

Phone: (+61 8) 9225 2816

Email: stonkin@psl.com.au

Matthew Trivett - Analyst

Phone: (+61 7) 3737 8053

Email: mtrivett@psl.com.au

Industrials

Martyn Jacobs - Analyst

Phone: (+61 3) 9242 4172

Email: mjacobs@psl.com.au

Conor O'Prey - Analyst

Phone: (+61 2) 8238 6214

Email: coprey@psl.com.au

Jon Scholtz - Analyst

Phone: (+61 8) 9225 2836

Email: jscholtz@psl.com.au

Institutional Dealing

Dan Bahen

Phone: (+61 8) 9263 1274

Email: dbahen@psl.com.au

Michael Brindal

Phone: (+61 8) 9263 1186

Email: mbrindal@psl.com.au

Artie Damaa

Phone: (+61 2) 8238 6215

Email: adamaa@psl.com.au

Paul Doherty

Phone: (+61 3) 8803 0108

Email: pdoherty@psl.com.au

Chris Kelly

Phone: (+61 3) 9242 4078

Email: ckelly@psl.com.au

Stuart Murray

Phone: (+61 2) 8238 6210

Email: smurray@psl.com.au

Jeremy Nugara

Phone: (+61 3) 8803 0166

Email: jnugara@psl.com.au

George Ogilvie

Phone: (+61 8) 9263 1627

Email: gogilvie@psl.com.au

Phil Schofield

Phone: (+61 2) 8238 6223

Email: pschofield@psl.com.au

Josh Welch

Phone: (+61 8) 9263 1668

Email: jwelch@psl.com.au

Sandy Wylie

Phone: (+61 8) 9263 1232

Email: swylie@psl.com.au

Important Notice: Copyright 2015. The contents contained in this report are owned by Patersons Securities Limited ('Patersons') and are protected by the Copyright Act 1968 and the copyright laws of other countries. The material contained in this report may not be copied, reproduced, republished, posted, transmitted or distributed in any way without prior written permission from Patersons. Modification of the materials or use of the materials for any other purpose is a violation of the copyrights and other proprietary rights of Patersons.

Disclaimer: Patersons believes that the information or advice (including any financial product advice) contained in this report has been obtained from sources that are accurate at the time of issue, but it has not independently checked or verified that information and as such does not warrant its accuracy or reliability. Except to the extent that liability cannot be excluded, Patersons accepts no liability or responsibility for any direct or indirect loss or damage caused by any error in or omission from this report. You should make and rely on your own independent inquiries. If not specifically disclosed otherwise, investors should assume that Patersons is seeking or will seek corporate finance business from the companies disclosed in this report.

Warning: This report is intended to provide general securities advice, and does not purport to make any recommendation that any securities transaction is appropriate to your particular investment objectives, financial situation or particular needs. Prior to making any investment decision, you should assess, or seek advice from your adviser, on whether any relevant part of this report is appropriate to your individual financial circumstances and investment objectives.

Disclosure: Patersons, its director and/or employees may earn brokerage, fees, commissions and other benefits as a result of a transaction arising from any advice mentioned in this report. Patersons as principal, its directors and/or employees and their associates may hold securities in the companies the subject of this report, as at the date of publication. These interests did not influence Patersons in giving the advice contained in this report. Details of any interests may be obtained from your adviser. Patersons as principal, its directors and/or employees and their associates may trade in these securities in a manner which may be contrary to recommendations given by an authorised representative of Patersons to clients. They may sell shares the subject of a general 'Buy' recommendation, or buy shares the subject of a general 'Sell' recommendation.

Stock recommendations: Investment ratings are a function of Patersons expectation of total return (forecast price appreciation plus dividend yield) within the next 12 months. The investment ratings are Buy (expected total return of 10% or more), Hold (-10% to +10% total return) and Sell (> 10% negative total return). In addition we have a Speculative Buy rating covering higher risk stocks that may not be of investment grade due to low market capitalisation, high debt levels, or significant risks in the business model. Investment ratings are determined at the time of initiation of coverage, or a change in target price. At other times the expected total return may fall outside of these ranges because of price movements and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management. This Document is not to be passed on to any third party without our prior written consent.