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**From:** Breaker Resources NL  
**Subject:** Breaker Resources (BRB): Extension drilling demonstrating Resource growth potential - Buy (Spec.) Valuation \$0.96/sh

## FLASH NOTE

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### MATERIALS

## Breaker Resources (BRB)

Extension drilling demonstrating Resource growth potential.

### New high grade intersections

BRB this morning announced the latest in ongoing results from their resource drill-out program at the Lake Roe Project in WA. Nearly all holes in the 23 hole program intersected significant gold mineralisation. Of the reported intersections, the vast majority were returned from extensional diamond drill holes, identifying new lode positions between 40m and 120m east of and below the current Resource. Highlights include:

- 12m @ 6.78g/t Au from 152m (BBRC0817)
- 9.6m @ 2.36g/t Au from 170m (BBRD0805)
- 12.25m @ 4.29g/t Au from 264m (BBRD0805)
- 2.5m @ 18.53g/t Au from 200m (BBRD0756)
- 10m @ 2.94g/t Au from 172m (BBRD0772)

BRB further confirmed plans to add a fourth rig to the Resource drill-out program, with the objective of delineating 700-800,000oz of mineable mineralisation in a single open pit.

### Extensions reinforce case for growth

The market has, in our view, taken an emotional rather than a rational approach to BRB since the recent release of its maiden Resource of 624koz at 1.6g/t Au. The fundamental aspects of the discovery remain completely intact. One of our key conclusions from the Resource was that it was largely constrained by the limits of drilling and in all likelihood would continue to grow with additional drilling – these latest results are evidence of that. Extensions to the Resource envelope of 40-120m represent a strong start towards delineating the 700-800koz in a single open pit and add weight to the 1.1-1.3Moz Exploration Target. Furthermore, the intersections are robust enough to carry a higher (underground-style) cut-off grade, also reinforcing our view that depth extensions will be able to be economically mined by underground methods. That this ongoing drilling is also identifying new lodes – as opposed to defining the boundaries of the deposit – also supports the case for further Resource growth.

### Investment thesis – Buy (Speculative), valuation \$0.96/sh

In our view the hammering of the BRB share price represents a mismatch in the market where risk has been reduced and reward has gone up. The maiden Resource was a major de-risking event and while it clearly did not meet the expectations of some corners of the market, it set a foundation consistent with the discovery of a significant, economically attractive greenfields deposit with plenty of scope for further growth. Other factors such as the jurisdiction, location, favourable metallurgy and a shallow and high value gold endowment are all supportive of commercial development. That this is currently trading at ~A\$40/oz (EV/Resource oz) vs our last measured basket average of A\$95/oz is a fantastic value opportunity backed by fundamentals. We reiterate our Speculative Buy recommendation, valuation \$0.96/sh.

**Disclosure:** Bell Potter Securities acted as a Participant in the August 2017 equity raise of \$10.0m and received fees for that service.

Recommendation: Buy (Spec.)

Previous Close: \$0.24

Price Target: \$0.96

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