

Breaker Resources NL (BRB)	\$0.33
Recommendation: Speculative Buy	Mkt Cap:\$62.1m
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Resource growing bigger and better, we can now see 1.5Moz taking shape at Bombora and more to come.

Event

- BRB's latest batch of drill results from Bombora, validating our thoughts about the quality and size potential of the deposit.
- Best intercepts include:
 - 9m @ 13.86g/t Au, including 4m @ 29.99g/t from 47m in BBRC1020 – Infill hole within the current Bombora resource
 - 4.0m @ 10.79g/t Au from 44m in BBRC0995 – Extensional hole outside of the current Bombora resource
 - 15m @ 4.99g/t Au, including 11.1m @ 6.26g/t from 82m in BBDD0078 – Infill hole within the current Bombora Resource
 - 12.9m @ 2.35g/t Au including 5.2m @ 4.44g/t from 247m in BBRD0782 – Extensional hole outside of the current Bombora resource
- Release includes results from 122 holes:
 - 90 hole for 11,889m of extensional and infill drilling at Bombora
 - 32 holes for 3034m at Crescent and Bombora South (Crescent lies 2km to the north of Bombora and Bombora South, 300-500m to the south of Bombora)
- Infill drilling identified several shallow high grade intervals which will help lifting the grade of the overall resource at the next update. (4m at 9.46g/t Au from 40m in BBRC1040)
- Extensional drilling to the north and east identified more mineralisation in the hanging wall of the deposit expanding the footprint of the system. **Those intercepts will help grow the resource base.**

Figure 1: Bombora South drill plan with reported intervals

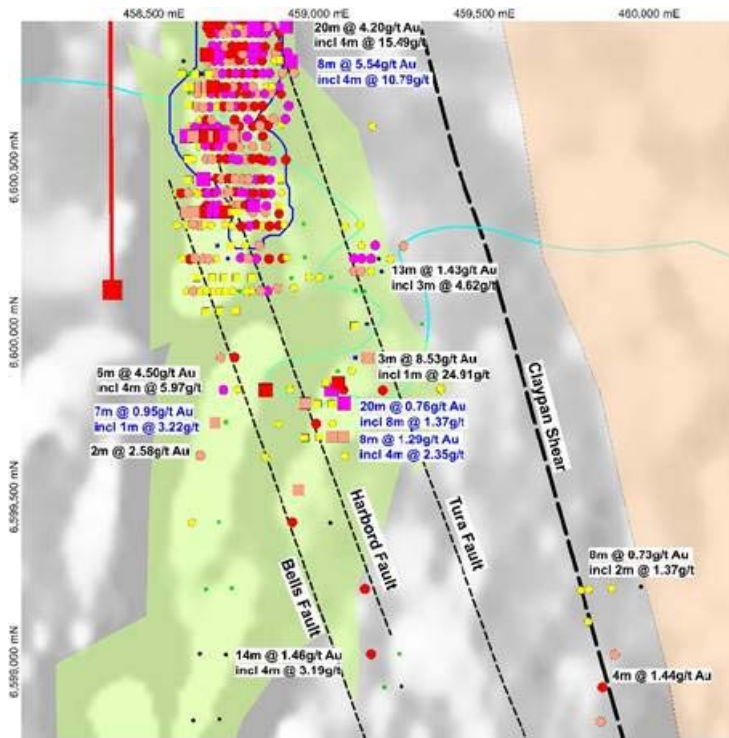


Figure 2: Crescent drill plan with reported intervals

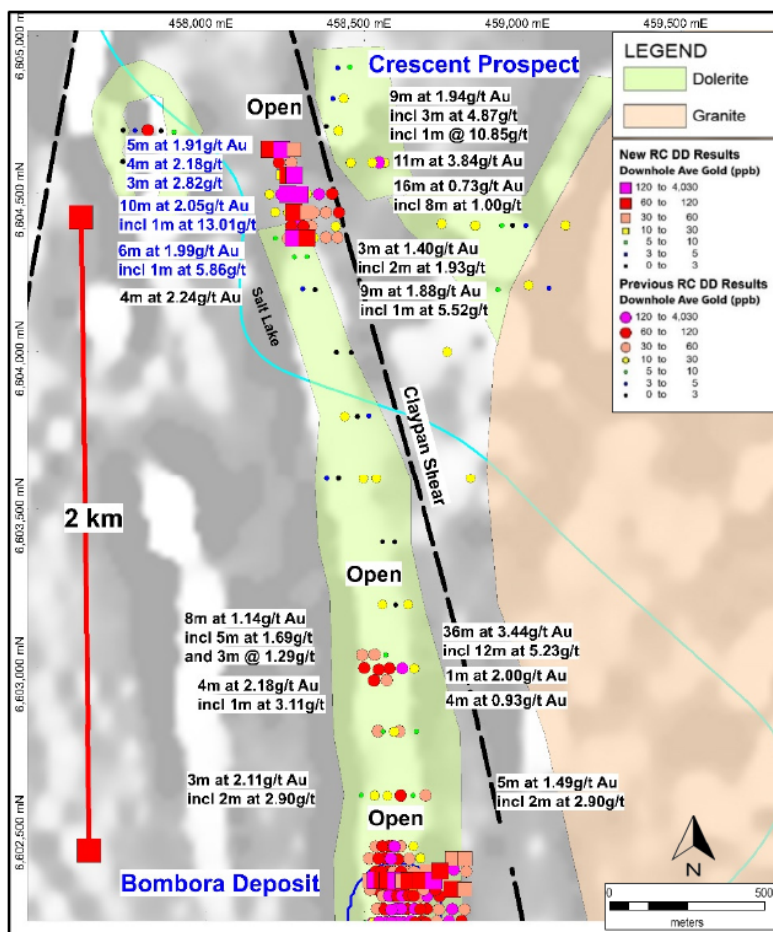


Figure 3: Current Bombora resource estimate

Classification	Tonnes	Au (g/t)	Ounces
Indicated	12,549,000	1.5	624,000
Inferred	12,050,000	1.2	460,000
Total	24,599,000	1.4	1,084,000

Source: BRB

Impact

- Infill drilling will better define the resource at Bombora, bringing more ounces into the indicated category.
- High grade intervals within the resource envelope should be expected to lift the overall resource grade.
- Extensional drilling results will increase the resource footprint.
- **We now see Bombora as a 1.5Moz deposit, a view to be validated in the next resource upgrade.**
- The more BRB drills, the more mineralisation it discovers. Validation of 1.5Moz at Bombora opens up a resource growth trajectory towards a 2Moz target **2019**.
- High grade shoots extending at depth below the current resource add underground potential to Bombora.

Growing a resource is not a linear progression.

Bombora is now evolving into a “classic” goldfields deposit with an open pit operation followed by an underground operation chasing higher grade mineralisation at depth.

The current BRB enterprise value of \$50.8m implies a \$0.28 per share market valuation and c.\$46.83/oz “in the ground”.

Our short term target of 1.5Moz in resource at a conservative \$50/oz implies a short term price target of c.\$0.41 per share. The delivery of 2Moz and an expansion in the value per ounce (RMS bid for EXU at \$75.7/oz) would imply a share price target c\$0.81 per share.

Breaker is now a great value for money Speculative Buy with considerable upside as a consequence of the clarity of optics around the resource size and nature.

Figure 4: BRB Financials

Share price at 12/12/2018	\$0.33
Number of FPO shares	182,689,492
Cash at end of September (from 5B)	\$2,171,000
Estimated cash burn (from 5B)	\$3,200,000
Capital raise October 2018	\$10,500,000
Estimated cash at end of December	\$9,471,000
Estimated fully diluted EV at end of December	\$50,816,532

Source: Iress, BRB, Patersons Securities Limited

Figure 5: Transactional comparisons

Company	Ounces in resource	EV/in-the-ground Resource oz	Comments
EXU	695,000	75.74 EV\$/oz	Takeover value from RMS failed takeover announced 10/09/2018
CMM	1,400,000	56.91 EV\$/oz	Takeover value from RRL failed takeover announced 24/09/2018
BRB	1,085,000	46.83 EV\$/oz	Value at 12/12/2018

Source: BRB, CMM, EXU, RMS, RRL, Patersons Securities Limited

Figure 6: Share price performance



Source Iress, Patersons Securities Limited

Figure 7: Recommendation history

Date	Type	Target Price	Share Price	Recommendation	Return
04 Apr 18	Resources Review Book	na	0.52	H	
18 Apr 18	Hot off the Press	na	0.43	H	-17.3%
13 Jun 18	Hot off the Press	na	0.26	H	-39.5%
15 Jun 18	Hot off the Press	na	0.28	SB	7.7%
31 Jul 18	Hot off the Press	na	0.25	SB	-12.5%
31 Jul 18	Hot off the Press	na	0.25	SB	0.0%
04 Sep 18	Hot off the Press	na	0.24	SB	-4.1%
06 Sep 18	Hot off the Press	na	0.28	SB	19.1%
26 Sep 18	Research Note	na	0.32	SB	14.3%
01 Oct 18	Hot off the Press	na	0.33	SB	3.1%
19 Oct 18	Resources Review Book	na	0.30	SB	-9.1%
13 Nov 18	Hot off the Press	na	0.42	SB	40.0%
13 Nov 18	Hot off the Press	na	0.43	SB	2.4%
	Current Share Price		0.33		-23.3%

Source: Patersons Securities Limited

Disclosure: Patersons Securities Limited acted on behalf of Breaker Resources NL (BRB) within the past two years and received fees for these services.

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