

31 January 2019

## Hot off the Press Materials Research



<b>Breaker Resources NL (BRB)</b>	<b>\$0.35</b>
<b>Recommendation: Speculative Buy</b>	<b>Mkt Cap: \$85.7m</b>
<b>Analyst: Xavier Braud</b>	<b>Tel: +61 8 9225 2813</b>

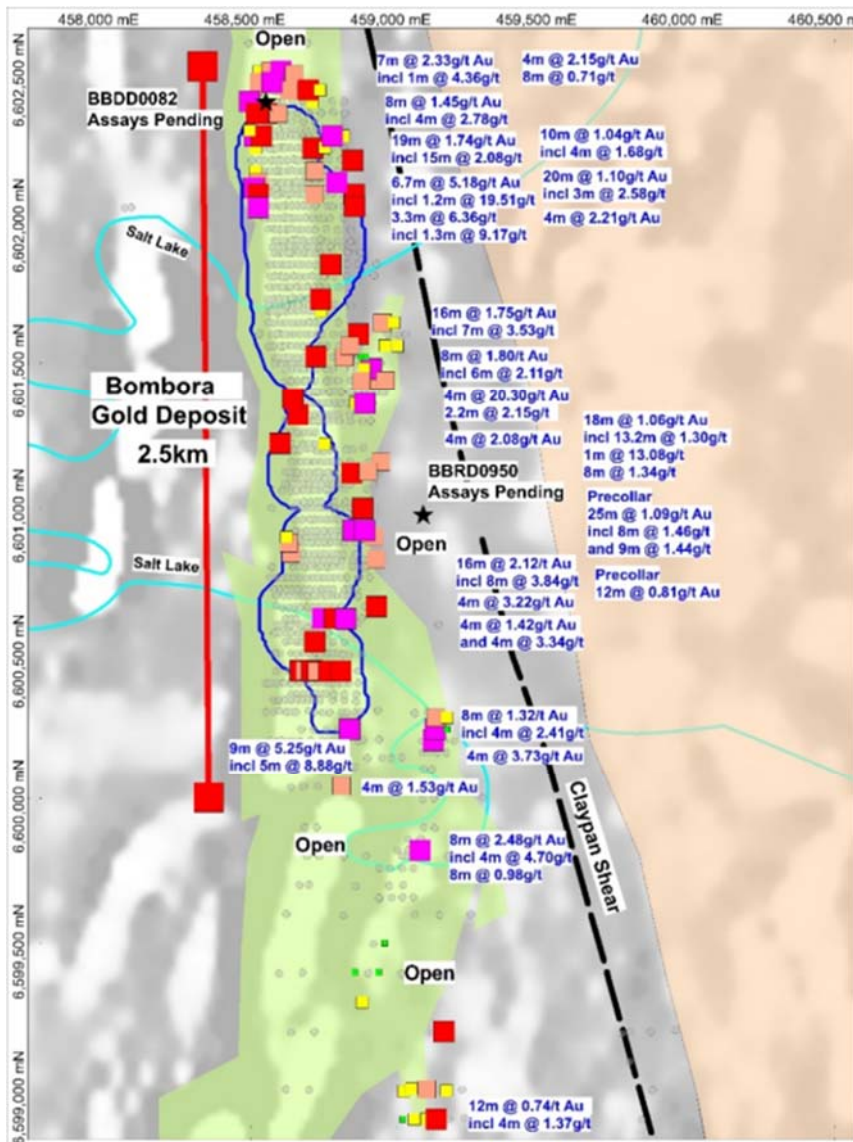
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**The latest round of drilling is expanding the footprint of Bombora and we can clearly see 1.5Moz to 2Moz in the resource upgrade expected in the June quarter. We view BRB currently undervalued, therefore a great spec. Buy opportunity.**

### Event

- Latest batch of drill results from the Bombora project is out with 103 holes reported, 80% of the holes reported were drilled outside the current 1.1Moz resource envelope.
- Results include:
  - 4m at 20.3g/t gold from 84m in BBRD1146
  - 5m at 8.88g/t gold from 185m in BBRD1049
  - 5.3m at 6.31g/t gold and 3.3m at 6.36g/t from 226m and 250m in BBRD1090
  - 15m at 2.08g/t gold from 152m in BBRD1213
  - 16m at 1.75g/t gold from 267m (incl. 7m at 3.53g/t) in BBRD0084
- The drilling extends the deposits footprint by an additional 200m to the north (a 10% increase).
- Drilling under the salt lake to the east shows that the deposit continues under the lake.
- Deep drilling under the existing resource shows that high grade lodes continue at depth.
- New potentially high grade lode (visible gold in core) below Tura Lode to the North.

**Figure 1: Bombora drill plan with newly released results.**



Source: BRB

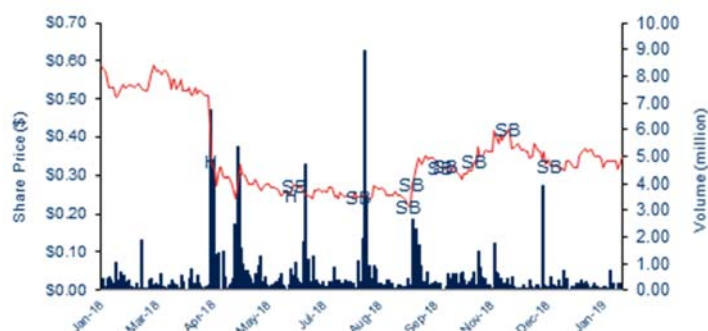
## Impact

- We have said it before, Bombora is a typical goldfields story. We can clearly see the project turning into a mine starting with a large open pit followed up, many years down the track, by underground mining of high grade lodes.
- The current resource of 1.1Moz will be updated and upgraded in the June quarter 2019. We believe the new resource estimate has the potential to deliver 1.5moz to 2Moz.
- In the light of the EXU takeover by RMS valuing EXU's 695,000oz at c.\$78m or \$112/oz, we believe that BRB's 1.1Moz are currently undervalued by the market at c.\$59m EV equivalent to \$48/oz
- From the last available quarterly cashflow report we estimate that BRB has \$8m in the bank giving an EV of c.\$51m

BRB's current share price at \$0.35/sh for a market capitalisation of c.\$63m and an estimated EV of c.\$55m represents a value of approximately \$48/oz. With 1.5Moz to 2Moz in sight at Bombora assuming a fair value of \$100EV/oz, there is room for BRB's EV to grow anywhere between \$150m and \$200m. This would represent a share price anywhere between \$0.80 and \$1.10.

It is pretty clear to us that BRB represents a great opportunity and we reiterate our Spec. Buy recommendation.

**Figure 2: Share price performance**



Source: iress, Patersons Securities Limited

**Figure 3: Recommendation history**

Date	Type	Target Price	Share Price	Recommendation	Return
18 Apr 18	Hot off the Press	na	0.43	H	
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%
12 Dec 18	Hot off the Press	na	0.33	SB	-23.3%
	Current Share Price		0.35		6.1%

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.**

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 financial circumstances and investment objectives.

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