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# BREAKAWAY MINING RESEARCH

## *DAILY REPORT*

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Monday 9<sup>th</sup> September 2017\*

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*\*prepared based on announcements made by ASX Listed Resource Companies on the preceding day*

### OVERNIGHT COMMENTARY

#### Markets

Asian stocks rose along with U.S. equity futures and the US dollar rebounded from its lowest in more than two years, after hurricane Irma struck the U.S. with less force than once feared, paring estimates for economic damage, reports Bloomberg.

Japan's Topix index was headed for its biggest gain in more than three months as a weaker yen gave a boost to exporters. S&P 500 Index futures jumped 0.5 percent and European equity contracts advanced while Treasuries fell, after Irma, the second devastating storm of the season, didn't reach the feared Category 5 and looks to have spared Miami. Oil advanced as Gulf Coast refining capacity continued to recover after getting hit by Harvey. Risk appetite was also fanned by North Korea refraining from an expected missile test at the weekend.

"Investors were quite nervous last week over a possible North Korea missile launch or other incidents of that sort, but with the weekend behind us, it's relief for now," said Masahiro Ichikawa, a senior strategist at Sumitomo Mitsui Asset Management Co. in Tokyo. "It doesn't feel like things are getting worse, although a bit of caution is still needed with market's focus likely on the outcome of UN Security Council's vote."

Commodity Prices	Price	Daily Change	Market Movements	Price/Level	Daily Change
<b>Base Metal Prices (US\$/lb)</b>			<b>Broad Market Indices</b>		
Copper	3.03	-2.9%	DJIA	21,797.79	0.1%
Lead	1.01	-3.3%	FTSE-100	7,377.60	-0.3%
Zinc	1.37	-3.1%	Nikkei 225	19,274.82	-0.6%
Nickel	5.23	-4.7%	HK Hang Seng	27,668.47	0.5%
Aluminium	0.94	-0.5%	Shanghai Composite	3,365.24	0.0%
Tin	9.38	-1.0%			
Cobalt	27.60	0.0%	<b>S&amp;P/ASX 200</b>	<b>5,672.60</b>	<b>-0.3%</b>
<b>Precious Metal Prices (US\$/oz)</b>			<b>Mining and Energy Indices</b>		
Gold	1346	0.1%	S&P/ASX 200 Resources	3,671.80	-0.2%
Silver	18.21	1.8%	S&P/ASX 300 Metals & Mining	3,289.90	0.0%
Platinum	1007	0.2%	S&P/ASX 200 Energy	9,222.40	-0.6%
Palladium	937	-0.2%	S&P/ASX All-Ordinaries Gold	4,895.50	0.8%
<b>Energy</b>			<b>Global Mining</b>		
Oil WTI (US\$/bbl)	48.23	-1.9%	S&P/TSX Global Mining	68.01	-2.1%
Thermal coal (US\$/t)	80.50	0.6%	FTSE 350 Mining	17,467.42	-2.6%
Uranium (US\$/lb)	20.90	1.2%	AIM Basic Resources	2,605.30	0.1%
<b>Steel making</b>			<b>Commodity Indices</b>		
Iron ore (US\$/t)	73.20	-1.9%	CRB Index	183.39	-0.9%
Metallurgical coal (US\$/t)	210.00	0.0%	LME Index	3238.70	-0.8%
Molybdenum (US\$/lb)	7.09	0.0%	S&P GSCI	2289.08	0.6%
Tungsten ATP (US\$/t)	285.00	0.0%	Baltic Dry	1332.00	2.8%
<b>Exchange Rates</b>			<i>Sources include:</i>		
AUD/USD	0.807	0.4%	<i>Bloomberg, Reuters, TradingEconomics, S&amp;P, yahoo finance</i>		
EUR/USD	1.204	0.2%	<i>Commsec, Xe.com, marketindex.com, Macquarie, Breakaway Research</i>		
USD/ZAR	12.93	0.8%			
USD/CNY	6.48	-0.3%			

## MARKET REVIEW

### New Deals (Including In Progress, Completed Or Terminated) & New Tenure.

ASX Code	Company Name	Details
PEX	PEEL MINING	PEX plan to vend its Apollo Hill Au Project WA into a new vehicle to be called Saturn Metals to list on the ASX by way of an IPO. The 996 sq km Apollo Hills Project is located 60kms SE of Leonora. PEX will continue to focus on the Mallee Bull Project NSW. The IPO target is to raise \$7M at 20 cents per share.
TEG	TRIANGLE ENERGY	State Gas, until recently a wholly – owned subsidiary of TEG has lodged a Prospectus and seeks admission to ASX. The IPO is planned to raise \$5.25M at 20 cents per share. The IPO will spin out of TEG PL 231 which includes a conventional gas project in the Denison Trough Qld, where a number of historic wells have flowed gas from the Cattle Creek Formation. In addition the underlying Reid’s Dome Beds anticipated to be 2770m thick and have not been fully tested within the Denison Trough,

### Production Or Emergent Production News (From Completed DFS/BFS Onwards)

ASX Code	Company Name	Details
CDU	CUDECO	Have awarded the Phase 2 Mining Contract at the Rocklands Cu Project NW Qld to Oz Mining effective 13th September.
IGO	INDEPENDENC GROUP	The Nova Ni Cu Co Operation 160kms ENE of Norseman WA has been Officially Opened. 400 people are employed on a FIFO basis.
BAS	BASS OIL	Production during August from the Tabgai-Sukananti JV Oil & Gas Operations Indonesia, was 18,590 barrels of Oil gross (net to BAS = 10,225 barrels.) This is 4.6% above the previous month. There was a significant uplift from the Tangai-1 Well.
STO	SANTOS	STO and JV partner ASX-ORG have signed a new gas supply agreement, to provide 27PJ ethane gas to Qenos, a producer of polyethylene and polymers. The gas will be supplied from Moomba and piped to Botany Bay Sydney.
LOM	LUCAPA DIAMOND	The Lulo JV (40% LOM) have sold 3,214 carats of diamonds from the alluvial operation in Angola for \$US 7.4M. The average price was \$US2,298 /carat.
NSL	NSL CONSOLIDATE	Have entered into a collaboration agreement with existing customer Minera Steel and Power. Minera produces iron ore pellets, sponge iron and steel for the Indian domestic market. The Parties plan a wet beneficiation plant for beneficiating low grade iron ore at the Minera Steel Facility and perhaps at other locations in India. NSL produce 15,000tpm of iron ore filter cake for Minera from 70-80ktpm of iron ore from its operations in India.
SYR	SYRAH RESOURCES	Have signed a binding sales agreement with Jixi BTR Graphite Industrial Co for the supply of 30,000t of graphite concentrate, over the first year, from the Company’s Balama Graphite Operations in Mozambique. Commissioning of the plant commenced in May at Balama.

**Evaluation Studies (DFS, PFS, Scoping, Pilot, Appraisal & Metallurgical Testing)**

ASX Code	Company Name	Details
MOY	MILLENIUM MINERALS	Have completed a Scoping Study into the underground development of the Barton's Deposit below the current open pit, which MOY consider is positive. As a result a fast track Feasibility Study is underway with the aim of commencing underground development in Q1 18. As a result MOY have commenced a 17-hole drilling program to update the Inferred Resources to Indicated, testing 400m of strike to depths of 240m.
QBL	QUEENSLAND BAUXTIE	The Environmental Authority (EA) have approved the work program intended under the Mineral Development Licence has been approved for the South Johnstone Bauxite Project at Camp Creek Nth Qld. A recent Scoping Study suggests a \$5M Capex and an operating costs of \$A20.87/t FOB Mourilyan Harbour. The Company is currently seeking offtake

**Reserves and Resources Updates**

ASX Code	Company Name	Details
RRL	REGIS RESOURCES	The Maiden Reserves at the McPhillamy Au Project NSW are 60mt @ 1.05g/t Au for 2Moz Au Contained. RRL plan to process 7Mtpa to produce 192koz Au over a 9 year LOM from an open cut mining operation. Ore to be processed by way of a CIL Plant. Capex is \$215M and the LOM is \$990 per ounce. Targeting a DFS by the end of 2017 and gold production by the end of 2019.

**New Drilling Intersections As Confirmed By Assays**

ASX Code	Company Name	Details
ADV	ARDIDEN	Second rig is now on site at the South Aubry Prospect Seymour Lake Lithium Deposit Ontario Canada and will commence drilling soon.

**Drilling Pending, Underway OR Completed with Assays Pending**

ASX Code	Company Name	Details
KOR	KORAB RESOURCES	Will commence RC drilling at Batchelor Co Au Cu Project near Darwin NT to follow up previous drill results
DEG	DE GREY MINING	Have commenced drilling at the King Col Li Project, where a pegmatite body with 7.5kms of strike, has been noted. The drilling will test an initial 2kms Lithium- in-soil anomaly associated with the pegmatite. The other 5.5kms will be tested by way of soil sampling.

**Drill Targeting & Exploration News (Geological, Geochemical & Geophysical)**

ASX Code	Company Name	Details
BOA	BOADICEA RESOURCES	Have increased funding for the Company's Fraser Range Ni Cu Project WA, through the surrendering of the Edgar Range HMS Project and Lake Nerramyne/Pine Grove Project Ni Cu and PGE.

**Capital Raisings & Financing > \$1M**

ASX Code	Company Name	Details
HCH	HOT CHILLI	Have completed the issue of Converting Notes associated with an \$11.3M placement with major shareholder and qualified investors. The Converting Notes include an amount of \$383k to Blue Spec Drilling, associated with the Chairman of HCH, who funded recent drilling at the Productora Cu Project Chile. The issue of the notes will enable repayments of all outstanding debts and provide the working capital needed going forward. The contained reserves at Productora are 563kt Cu 192koz Au 11kt Mo.
SEG	SEGUE RESOURCES	Have raised \$1.03M at 3 cents per share by way of a placement to fund drilling at the Gascoyne Lithium Project WA.
STO	SANTOS	STO have closed a \$US 800M in Senior Unsecured Fixed rate US dollars Bonds at 4.125%. The bonds will be used for generate corporate activity and for debt refinancing. STO have a target to reduce net debt to \$US2B by end of 2019.

**Corporate News which may affect Projects & Operations**

ASX Code	Company Name	Details
KRM	KINGROSE MINING	A new board is now in place and are reviewing the Company's Way Linggo Au Mining Project Indonesia. The Company will complete the review prior to seeking re-commencement of trading on the ASX.

**Investor Presentations (Does Not Include AGM Presentations)**

ASX Code	Company Name	Details
VEC	VECTOR RESOURCES	VEC have acquired a 70% interest in the Maniema Au Project covering 500 sq km of tenure located on the NW edge of the Kiberan Belt in the DR Congo. The Kiberan Belt host a number of large gold mines. The contained resource at Kabothome Prospect is 421koz Au grading 1.9 g/t Au. Infill and extensional drilling at Kabotshome is underway. A new discovery has been made at Eveche Prospect, where multiple quartz vein sets exposed by artisanal mining activities. Artisanal underground mining to depths of 10m is taking place at the Mitunda Prospect.

CLA	CELSIUS RESOURCES	<p>CLA hold a 95% interest in the 782 sq km Opowu Cu Co Project in Northern Namibia where mineralization is hosted within the Neoproterozoic carbon rich Dolomite Ore Formation unit (DOF) within the western extension of the Copper belt in DRC and Zambia. The DOF has been mapped and sampled over 20kms of strike. 41 drill holes has been completed and assayed over 11kms of strike, returning 11 intersections noted by CLA including 19m @ 0.13% Co 0.62% Cu. A new mineralization zone has been discovered 350m north of the DOM. 4 holes being drilled and assays pending. Metallurgical test work underway and results due late September. Scoping Study consultants appointed and resource drilling to commence in October with a Maiden Resource and Scoping Study targeted for Q1 18.</p>
LOM	LUCAPA DIAMONDS	<p>LOM and its partners (LOM 40% &amp; operator) are mining alluvial diamonds at Lulo Angola, where they have 3,000 sq km of tenure. 2017 sales of diamonds to date has been \$US24.3 M, with recent prices of \$US1640/carat. Airborne EM has been flown to identify targets that may reflect kimberlite pipes that could host primary deposits. 11 targets have been identified and prioritized for drilling. 3 rigs now testing the targets. Assays awaited. LOM has also acquired a 70% interest in the Mothae Kimberley Project in Lesotho which has all the on-site infrastructure required for production at a historical spend of \$US35M. The resource is 39Mt @ 2.7 cpht for 1.06M carats contained, hosted by a kimberlite pipe covering 8.8ha. LOM are targeting to develop the project in 2 Phases. Phase 1 Capex is estimated to be \$US12M and Phase 2 \$US79M. LOM plan be have Phase 1 in production within 12 months. LOM have completed trail mining from which 23,400 carats were recovered. LOM also hold early stage diamond projects in Botswana and Western Australia.</p>
NZC	NZURI COPPER	<p>NZC hold an 85% interest in the 350 sq km Kalongwe Cu Co Project located within the African Copper Belt, 15kms from Ivanhoe Mines Kamao – Kakula Deposit DR Congo. The Project has mining and environmental permits in place, plus a near surface oxide contained resource of 302kt Cu and 42kt Co, amenable open pit mining. A Feasibility Study into the development of the Project is nearing completion. Processing will involve Dense Media Separation to produce a 20% Cu concentrate including 1.7% Co. The Feasibility study is based on a thru put of 1Mtpa ore targeting a production of 20ktpa Cu 1.7ktpa Co within the concentrates. Stage 1 LOM is 5 years. NZC is targeting 2019 production. An Environmental and Social Permit is in place. NZC have a JV with Ivanhoe Mines over the 334 sq km Fold Thrust surrounding the Kalongwe Project. NZC can earn a 98% interest. A multi – pronged exploration program has outlined 5 key targets are to be tested during H2 2017. On target noted by NZC is Kasangasi, where mapping and trenching results suggest to NZC, that it is Kamao – style mineralization. An 18 holes drilling program is underway.</p>

## BREAKAWAY RESEARCH

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Austex Mining Principal Rob Murdoch is an Australian geologist who has specialised in the management of junior resource companies for 30 years. His experience enables Rob to provide a quick and valid assessment on the potential of impact of many announcements, for example those involving new discoveries, drill results or resource upgrades and tracks the progress of companies on their various exploration or development projects.

Austex maintains an extensive database on all ASX listed resource companies, their corporate situations and the status of their various projects. This database helps to identify industry and investment trends which may not be apparent otherwise. Breakaway Research is extremely pleased to be able to utilise Rob's extensive experience in both corporate and technical capacity to assist in identifying resource investments that will directly benefit our subscribers.



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