



ASX Resource Companies

Recommendations/ Deals/ Listings/ Resource Updates/ Drilling Results; Drilling Underway/ Production/ Existing Projects/ Existing Projects in the Resources Sector

BREAKAWAY MINING RESEARCH

DAILY REPORT

Monday, 30th October 2017*

CONTENTS

| | |
|--|---|
| Overnight Commentary | 1 |
| Markets | 1 |
| Commodities Continued... | 2 |
| MARKET REVIEW | 3 |
| New Deals (Including In Progress, Completed Or Terminated) & New Tenure. | 3 |
| Production Or Emergent Production News (From Completed DFS/BFS Onwards) | 3 |
| Evaluation Studies (DFS, PFS, Scoping, Pilot, Appraisal, Met Testing & Permitting) | 4 |
| New Drilling Intersections As Confirmed By Assays | 5 |
| Drilling Pending, Underway Or Completed With Assays Pending. | 5 |
| Drill Targeting & Exploration News (Geological, Geochemical & Geophysical) | 6 |
| Capital Raising & Financings > \$1M | 6 |
| Corporate News (with a potential effect on Projects) | 7 |
| Investor Presentations (Does Not Include AGM Presentations) | 7 |
| Breakaway Research | 8 |
| AUSTEX Mining Pty Ltd | 8 |
| Important Disclosure/Disclaimer | 9 |

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

OVERNIGHT COMMENTARY

Markets

Most U.S. stocks climbed amid a raft of robust earnings reports, speculation about the Federal Reserve's next leader and congressional action on taxes, reports Bloomberg.

The S&P 500 Index rebounded from yesterday's drop as results from Twitter Inc. to Ford Motor Co. topped estimates. Biotechnology shares buckled, pulling the Nasdaq 100 Stock Index lower, after Celgene Corp.'s cut to its forecast sent drugmakers tumbling. The US dollar rose to the highest in 15 weeks, while oil hovered above US\$52 a barrel.

Elsewhere, last week ended on a high for Jeff Bezos, who is on track to become the world's richest person after Amazon's latest surge boosted his fortune above US\$90 billion. It's the second time he's surpassed Bill Gates, who is making the race much easier by giving away large chunks of his money. A strong dose of computer and internet earnings woke tech stocks from a moribund week, sending the Nasdaq 100 Index to its best performance in eight years relative to the broader market and putting fears of a FANG rout to bed, at least for a day!

Commodities

Commodity prices were softer across the board on Friday on the back of the higher US dollar.

Macquarie quote media sources as reporting that Codelco has offered US\$88/t as a 2018 term premium for copper cathode to its European customers, up from US\$82/t in 2016. Aurubis was reported as offering US\$86/t a few days ago, flat YoY, making this the first year since 2014 that Codelco has gone higher than the German smelter/refiner.

The Chilean miner is apparently referencing rising freight rates from South America in its decision, but buyers complain that spot premiums at close to US\$40/t are less than half the quoted figure, meanwhile a broad increase in scrap availability due to higher copper prices has been actively suppressing cathode demand this year.

| Commodity Prices | Price | Daily Change | Market Movements | Price/Level | Daily Change |
|--|--------|--------------|--|-----------------|--------------|
| Base Metal Prices (US\$/lb) | | | Broad Market Indices | | |
| Copper | 3.08 | -2.3% | DJIA | 23,434.19 | 0.1% |
| Lead | 1.09 | -2.6% | FTSE-100 | 7,505.03 | 0.2% |
| Zinc | 1.47 | -1.3% | Nikkei 225 | 22,008.45 | 1.2% |
| Nickel | 5.24 | -1.5% | HK Hang Seng | 28,438.85 | 0.8% |
| Aluminium | 0.98 | -1.2% | Shanghai Composite | 3,416.81 | 0.3% |
| Tin | 9.08 | 0.2% | | | |
| Cobalt | 27.47 | 0.7% | S&P/ASX 200 | 5,903.20 | -0.2% |
| Precious Metal Prices (US\$/oz) | | | Mining and Energy Indices | | |
| Gold | 1266 | -0.6% | S&P/ASX 200 Resources | 3,698.80 | 0.2% |
| Silver | 16.72 | -1.6% | S&P/ASX 300 Metals & Mining | 3,275.50 | 0.0% |
| Platinum | 913 | -0.9% | S&P/ASX 200 Energy | 9,671.80 | 0.5% |
| Palladium | 962 | -0.1% | S&P/ASX All-Ordinaries Gold | 4,537.90 | -1.1% |
| Energy | | | Global Mining | | |
| Oil WTI (US\$/bbl) | 53.75 | 3.2% | S&P/TSX Global Mining | 67.50 | -0.3% |
| Thermal coal (US\$/t) | 84.30 | -1.1% | FTSE 350 Mining | 17,218 | -1.4% |
| Uranium (US\$/lb) | 20.20 | 0.0% | AIM Basic Resources | 2,533 | -0.7% |
| Steel making | | | Commodity Indices | | |
| Iron ore (US\$/t) | 59.20 | -4.7% | CRB Index | 189.45 | 0.5% |
| Metallurgical coal (US\$/t) | 177.90 | 0.0% | LME Index | 3303.10 | 0.1% |
| Molybdenum (US\$/lb) | 7.09 | 0.0% | S&P GSCI | 2376.52 | 0.4% |
| Tungsten ATP (US\$/t) | 280.00 | 0.0% | Baltic Dry | 1546.00 | -0.6% |
| Exchange Rates | | | <i>Sources include:</i> | | |
| AUD/USD | 0.766 | -0.3% | <i>Bloomberg, Reuters, TradingEconomics, S&P, yahoo finance</i> | | |
| EUR/USD | 1.158 | -0.9% | <i>Commsec, Xe.com, marketindex.com, Macquarie, Breakaway Research</i> | | |
| USD/ZAR | 14.14 | -0.7% | | | |
| USD/CNY | 6.65 | 0.2% | | | |

MARKET REVIEW

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

| ASX Code | Company Name | Details |
|----------|--------------|---|
| ADN | ANDROMEDA | Have entered into a binding term sheet to acquire, subject to due diligence 100% of 11 Exploraiton Licence Applications in the Pilbara Region of WA. The Company has raised \$1.98M at 0.5 cents per share to fund the Company's projects. PAC Partner acted as Lead Manager. |

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

| ASX Code | Company Name | Details |
|----------|--------------------|---|
| ORE | OROCOBRE | Q3 17 Lithium Carbonate Production from the Argentina was 2,135t at a cost of under US\$4000pt. Production has improved through October and is on track to achieve a budget of 1,220t. Full year guidance is 14Kt LiCO ₃ . Sales revenue was US\$23.2M from 2,072t. Average FOB price was US\$11,000t. ORE expect prices to continue at this price over Q4 17. Borax sales were 8,543t. Cash at bank US\$46.6M. Net debt is US\$68M. |
| DRM | DORAY MINERALS | Have entered into an MOU with ASX-WGX to assess the development of DRM's Gnaweeda Au WA, which includes the Turnberry Deposit with a Contained Resource of 322Koz Au. The intention is to assess synergies given proximity of WGX's Central Murchison and DRM's Andy Well Operations and Gold Processing Plants. Turnberry is 15kms from the Andy Well Plant and 50kms to Central Murchison. A decision is expected by the end of November. |
| HAW | HAWTHORN RESOURCES | Have entered into an Ore Sale and Purchase Agreement with ASX-SAR for 750Kt of ore from the Trouser Leg JV (70% HAW 30% GEL Resources Pty Ltd). The JV plan to mine the ore from the historic Anglo Saxon Open Pit. A haul road is being constructed for the operation. Further drilling and mining studies are planned with respect to extending the mine life underground. |
| ILU | ILUKA RESOURCES | Q3 17 Group Mineral Sands Production was 293.8Kt down from 344Kt in Q2. Total Z/R/SR Production was 203Kt down from 221Kt in Q2, and comprising 49Kt Zircon, 96Kt Rutile and 58Kt of Synthetic Rutile. The reduced production was largely due to planned maintenance of various plants. Ilmenite production totaled 90Kt down from 123Kt in Q2. Net debt reduced to \$212M. |
| MXR | MAXIMUS RESOURCES | The Company Burbanks Gold Processing Plant near Coolgardie WA, recommenced operations late September after being in care & maintenance, and has poured its first gold bar which was obtained from toll treatment ore, sources from the Penny Find Au Mine owned by Empire Resources. |

Evaluation Studies (DFS, PFS, Scoping, Pilot, Appraisal, Met Testing & Permitting)

| ASX Code | Company Name | Details |
|----------|---------------------|--|
| LIT | LITHIUM AUSTRALA | LIT is seeking expressions of interest for Offtake for around 2,500tpa LiCO ₃ the Company propose to produce from a pilot plant that will be built using LIT's propriety technology. The Company reports that it is at the final stages of design optimization for the pilot plant. |
| CZL | CONSOLIDATE ZINC | Have completed the Scoping Study into recommencing mining at the Plomosas Zn Pb Ag Project in Mexico. The study focused on the resource at Tres Amigos Deposit of 544Kt ore grading 11.2% Zn 2.1%Pb 13.9g/t Ag, located within 260m of surface and amenable to underground mining by way of an existing decline and drives. Metallurgical testing suggest 90-95% Zn recoveries. The Study recommended using float cells and thickeners from a plant onsite, but adding new crushing, milling and rougher cells |
| RNU | RENASCOR RESOURCES | Have completed a Staged Development Options Study for the Siviour Graphite Project SA, as part of a PFS into the development of the project. RNU are encouraged by the study, which suggests a 2 Stage Development. The 1st Stage to achieve a production of 10,800tpa and the 2nd Stage in year 4 to increase production to 123Ktpa as per the Scoping Study. Stage 1 is expected to process 100ktpa at 11.1%TGC at an operating cost of \$589/t concentrate. Stage 2 to process 1.65Mtpa at 8.1%TGC at an operating cost of \$452/t concentrate. The basket price for Stage 1 is estimated to be \$1222/t and Stage 2 \$1347/t. Stage 1 Development Capex is estimated to be \$15.9M and Stage 2 \$144M. The PFS is expected to be completed in Q1 18. |
| TTW | TOPTUNG | Have lodged an application for a 700 ha Mining Lease covering the 4 resource areas at the Torrington Tungsten and Topaz Project in NSW. The Company have engaged consultants for an Environmental Study. |
| MEU | MARMOTA | Leach tests of samples of typical Goshawk mineralization (Aurora Tank Au Project SA) have returned 94 to 97% gold recoveries. |
| APC | AUSTRALIAN POTASH | Recent geotechnical studies have confirmed the continuity of the modelled low-permeability clay layer proposed for the walls and floor of the un-lined and on -lake evaporation ponds at the Lake Wells SOP Potash Project WA. |
| PAN | PANORAMIC RESOURCES | Have updated the Savannah Feasibility Study as a result of improvements to the mine plan and schedule, additional metallurgical test work and updated capex and opex. The updated study results in annual production of 10,800t Ni; 6,100t Cu and 800t Co in concentrates, over a LOM of 8.3 years. The Operating Cash Cost is estimated to be US\$2.40/lb of payable Ni. |

New Drilling Intersections As Confirmed By Assays

| ASX Code | Company Name | Details |
|----------|-------------------|--|
| MQR | MARQUEE RESOURCES | Assays from 10-foot water samples obtained from vertical hole AUS-1 at the Clayton Valley Brine Lithium Project Nevada USA. Four Lithium bearing brines were intersected from 1010 -1350 ft, the best of which was 110ft @ 6.7mg/l Li. The Company is of the view that the results are marginal and it will consider its options, which may include seeking new opportunities. |
| RIM | RIMFIRE RESOURCES | JV partner TSX-NGD have completed first pass RC and DD programs at the Sorpresa Au Ag Project NSW. 4 intersections have been noted by RIM at the Transit Prospect including 20m @ 1.1g/t Au from 48mdh and one intersections at Moonrise including 2m @ 5.6g/t Au from 88mdh. Phase 2 AC drilling has now commenced on expanding the Transit Prospect area. |

Drilling Pending, Underway Or Completed With Assays Pending.

| ASX Code | Company Name | Details |
|----------|-------------------|--|
| MGU | MAGNUM MINING EXP | A 15-20 hole (2000-2500m) RC drilling program is to commence around 30th October at the Cloncurry Qld. MGU report two specific targets the Salebury with a resource of 1.3mt grading 0.9% Cu 0.5g/t Au and the Notler where previous drilling has encountered mineralization. |
| RXL | ROX RESOURCES | A 7-hole (1200m) RC drill program has commenced at the Collurabbie Ni Cu Project 250kms N of Laverton WA. The drilling will follow up anomalies in Ni Cu PGE outlined by earlier AC drilling. |
| N27 | NORTHERN COBALT | A second rig has commenced drilling at the Stanton Co Deposit (Wollogorang Co Project NT). The rig will initially assist with resource drill out, where 23 of the 44 planned drill holes have been completed and the first batch of samples sent for assay. The 2 rigs will then move onto testing 21 regional targets. A third rig will arrive in 2 weeks to drill 6 DD holes into the deposit for metallurgical samples. |
| LKE | LAKE RESOURCES | A 1000m drilling program is to commence in coming days at the 50,000 ha Kachi Lithium Brine Project in Argentina. |

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

| ASX Code | Company Name | Details |
|----------|-------------------|--|
| AMG | AUSMEX MINING | Report that drill ready Cobalt targets including a 1.6Km long manganese and magnetite iron which historic records suggest to AMG is a 'Cobalt Bearing Lode". 2 other Cu Au targets have also ben outlined including one with 1000m strike and another with 700m. |
| CO1 | COBALT ONE | Rock samples collected by pending corporate merger partner (under Canadian rules) TSXV-FCC, have returned grades to 0.65% Co 1.79%Cu and 4990g/t Ag from mullock heaps at the historic Drummond Co Mine (Kerr Lake Co Project) Quebec Canada. The mineralization is hosted within felsic volcanic breccias. |
| HAV | HAVILAH RESOURCES | HAV report that a potential IOCG target (Jupiter Target) has been outlined by way of a magnetotelluric survey 30kms N of the Company's Portia Au Mining Operations Curnamona Region SA. A near vertical less resistive zone is noted nearer surface with a larger conductive anomaly is noted at 20-30Kms depth. |

Capital Raising & Financings > \$1M

| ASX Code | Company Name | Details |
|----------|---------------------|--|
| ICG | INCA MINERALS | Plan to undertake a Rights Issue to raise \$3.45M at 0.6 cents per share, which is a 33% discount? Proceeds to be used for exploration at the Cerro Rayas and Riqueza Zn Ag Pb Projects in Peru. |
| LCK | LEIGH CREEK ENERGY | Have completed a \$21.85M capital raising at 15 cents per share, with cornerstone investor China New Energy Group (CNE) contributing \$20M and others sophisticated investors \$1.85M. LCK report that it is now fully funded for the pilot study into insitu extracting gas from coal seams at Leigh Creek SA. CNE now hold 32.8% of LCK. |
| ATC | ALTECH CHEMICALS | Have completed a \$17M capital raising at 14 cents per share, including a \$5.1M commitment by German Engineering Group SMS and \$3M from entities associated with one of the Company's NED's. The funds are to be used to purchase land associated with the Meckering Kaolin Project WA and for detail engineering of the proposed HPA Plant in Malaysia. |
| AZM | AZUMAH RESOURCES | The Ghanian Government has consented to A\$17M staged funding agreement with Ibaera Capital Fund to fund the further advancement of the Wa Au Project Ghana. The Contained Resource is 2.1Moz Au. The funds will be used for drilling to further boost the resources and reserves and provide a revised study into the funding and development of the project. |
| SWJ | STONEWALL RESOURCES | Have raised \$2.5M by way of a Placement at 3 cents per share. The Lead Manager was Peak Asset Management. The funds will be used for drilling and PFS studies over the recently announced Bentley Au Project South Africa, close to the Company's TGME Plant currently being refurbished. |

Corporate News (with a potential effect on Projects)

| ASX Code | Company Name | Details |
|----------|-----------------|--|
| AUQ | ALARA RESOURCES | Have submitted payments for the environmental fee and performance bank guarantee for the Al Hadeetha Cu Au Project in Oman. AUQ have completed a Feasibility Study into the project. |

Investor Presentations (Does Not Include AGM Presentations)

| ASX Code | Company Name | Details |
|----------|----------------|--|
| ICG | INCA RESOURCES | ICG hold two zinc focused projects in Peru's Mining Belt. The projects include the Greater Riqueza Project where multiple high grade narrow mineralized veins have been noted. 8 separate prospect level areas have been delineated Drilling, bulk sampling and exploration is underway. Phase 1 drilling (23 holes for 3660m) has been completed and traced the veining at the Humaspunco Prospect to 400m depth. ICG are of the view that an intrusive related deposit may occur? Phase 2 drilling is to commence in 2018. The other project is the Cerro Rayas Project with mineralization noted within 3 historic small mine workings. Samples have been collected to 31%Zn 161g/t Ag 24.3%Pb. |
| MML | MEDUSA MINING | MML Produces Au from Co-O Underground Gold Mine located on the East Mindanao Ridge Philippines. The mineralization is contained within an epithermal deposit on flank of a diatreme intrusive. The operations have been recently upgraded and the Q3 Gold Production was 24.9Koz Au at an AISC of US\$973/oz. The average price received was US\$ 1274/oz. 121.6Kt was milled at 6.6g/t Au head grade. Production has been consistent over the last two Quarters. The Contained Resource is 859 Koz Au grading 12.3g/t Au and the Contained Reserves 345Koz at 6.5g/t Au. The deposit is a narrow vein mine and the ore is hauled 12km ore to the CIL plant. |

BREAKAWAY RESEARCH

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For enquiries, please contact:

Rachel Szabo
Manager Client Services

+61 2 9392 8032

rachel.szabo@breakawayinvestmentgroup.com
www.breakawayresearch.com.au

AUSTEX MINING PTY LTD

Rob Murdoch - Principal Consultant

Austex Mining Pty Ltd

BA FAusIMM CP FAIG

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.



PO Box 1677, NEW FARM QLD 4005
Phone: +61 418 712 011
rmurdoch@austexmining.com
www.austexmining.com

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