

# Breakaway's Cloncurry copper-gold push gathers rapid momentum

**With two drilling successes already this year and a host of copper-gold targets still to test in North Queensland, Breakaway Resources could find itself in the box-seat to monetise any new discoveries thanks to its proximity to the recently re-commissioned Eloise Copper Mine.**

If "Mining Boom Mk. II" has slowed slightly in recent months following recent market turmoil, no one in the Cloncurry District seems to know about it. Drilling rigs, accommodation and services are still at a premium; and there appears no let-up in sight, as a swag of aggressive juniors compete for people and equipment with the likes of Xstrata, BHP and Ivanhoe Australia.

And for those juniors that are successful in breaking through the log-jam and delineating and monetising their deposits, the rewards can be enormous. Just look at Exco Resources, which earlier this year sold its prized Cloncurry copper asset to Xstrata, the dominant miner in the Mt Isa region, for a tidy \$175 million.



"The Cloncurry region is without question one of Australia's exploration hot-spots and we're fortunate enough to be right at the epicentre of all this activity, with our tenements surrounding an operating copper mine which is operated by our second-biggest shareholder and in which we have a beneficial interest," says

Breakaway's Managing Director, David Hutton.

After a successful 2011 drilling campaign which has already yielded two successes



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*- Breakaway MD David Hutton*

at its flagship Eloise Exploration Project in North Queensland, Hutton has a new energy in his voice as he outlines his Company's vision for the coming year.

Breakaway repositioned itself as a "mid-tier" exploration company in 2006 after striking a deal to buy LionOre Australia's nickel assets in WA and completing a large capital raising at the time to pursue a dual commodity exploration push – nickel in WA and copper-gold in Queensland.

However, the global financial crisis forced it to seriously wind back exploration activities on all fronts, with the Eloise Exploration Project suffering most.

But if Hutton's 20 years in the exploration game have taught him anything, it is that circumstances can also quite quickly move back in your favour. The former MIM and

LionOre Australia exploration executive knew that the winds might be shifting in a more favourable direction late last year, when FMR Investments announced they were about to restart mining at Eloise.

The Eloise mine is capable of churning out around 20,000tpa of copper metal from a 700,000tpa mill and processing facility fed by the 1km deep underground mine. With a 480sqkm tenement package surrounding the mine, any new discoveries could find a natural home at Eloise – whose owners Hutton describes as "aggressive mining guys".

"The remarkable thing is that our tenements contained a host of attractive targets, many with known surface copper mineralisation and drill intercepts, and yet there had been little historic exploration – despite their proximity to an operating mine," says Hutton. "Even the immediate Eloise mine corridor outside of the mine itself has seen very little drilling."

Breakaway owns 100 per cent of these tenements, with the exception of a small portion of the project surrounding the previously discovered Altia silver-lead-zinc deposit which is subject to a joint venture



with BHP Billiton.

The Company launched a major new exploration push at the Eloise Exploration Project in July 2011, initially with 5,000m of Reverse Circulation drilling being undertaken at four priority targets – Surprise Ridge, Roberts Creek, Sandy Creek and Coral Reef.

"We've hit mineralisation so far at all



*ABOVE, BELOW, LEFT: Drilling and collecting samples at the Sandy Creek copper-gold project in Queensland*



four and two of the four – Sandy Creek and Surprise Ridge – demonstrate clear economic potential, so we think that’s a pretty good strike rate.”

Hutton says Sandy Creek is the standout so far, with drilling have already defined continuous copper-gold mineralisation over a 600m strike length and to a vertical depth of 120m – including intercepts like 10m @ 2.0 per cent copper, 0.47gpt gold including 3m @ 3.0 per cent copper, 0.92gpt gold and 3m @ 3.68 per cent copper and 0.57gpt gold.

“The mineralisation has strong similarities to the Eloise mine and, while it’s very early days, there seems to be potential for near-surface open pittable mineralisation and a

plunging high-grade core that may extend at depth, like Eloise.”

The mineralisation at Sandy Creek remains open along strike and down-dip, with further results expected by mid-November. Further drilling to test the prospect’s depth potential will also commence at the same time.

“Subject of course to drilling success, we believe there is good potential to generate an economic resource at Sandy Creek quite quickly because of its proximity to the Eloise Copper Mine,” says Hutton. “If we are successful, that would be a great outcome, particularly considering we only started drilling mid-year.”

And there could be plenty more where

Sandy Creek has come from. High-grade polymetallic mineralisation has been intersected at Surprise Ridge which requires further testing to establish strike extent.

Beyond that, a major review of the Eloise tenement package has identified a series of mouth-watering targets such as Eloise South West and North, Fairstar, Boralis and Capricorn.

And then there’s Altia. Breakaway struck a \$10 million joint venture with BHP Billiton two years ago under which the world’s largest mining company is conducting deep drilling hunting for extensions to the existing 7.5Moz silver resource.

Its target is a 100Moz monster that could potentially one day supplement its ageing Cannington silver-lead mine – where declining silver grades were reflected in lower silver production in its recent September Quarterly Report.

Initial drilling last year led to a re-think of the deposit’s geological model, and a new round of drilling was underway at press time. Success would see Breakaway retain 30 per cent ownership of a Tier One asset.

But for now Breakaway is keeping its feet firmly on the ground: “With the potential divestment of our WA nickel assets, we have the potential to really ramp up exploration in North Queensland next year and generate one or more copper-gold resources in close proximity to the Eloise mine that could be quickly developed and monetised,” says Hutton.

“It’s a simple model but one that could generate huge returns for our shareholders.”

## **BREAKAWAY RESOURCES SNAPSHOT**

### **Stock Exchange Listings**

**ASX: BRW**

### **Issued shares**

**365.5M**

### **Market capitalisation**

**\$22M at 6c**

### **2011 broker research:**

Patersons Securities – February 2011

Minelife – February 2011