



# Big search program now underway

BREAKAWAY RESOURCES LTD has implemented a comprehensive \$8-10 million exploration program for 2007/08 following a strategic review of its project portfolio.

A focused exploration and evaluation strategy is now in place prioritising the company's Scotia and West Kambalda nickel projects and the Eloise base metal project in Queensland.

Major drilling programs are underway on the Scotia project targeting resource extensions at St Patricks and St Andrews.

"By the end of June, we should have a pretty good idea as to where St Patricks stands and completed drilling at Eloise," Breakaway managing director Peter Buck said.

The company recently intersected a new zone of nickel sulphide mineralisation located about 350 metres west of St Patricks and St Andrews.

The newly discovered zone is particularly significant as it potentially defines a new mineralised trend (termed the Western Contact Trend).

A resource estimate is also in preparation for the Altia lead-zinc-silver deposit located 4 kilometres south west of Eloise.

Scoping studies will be carried out on all projects concurrently, with the exploration program to determine the possible economics of the projects and help plan for ongoing work.

## Nickel chase

Turning to the company's Scotia project, a program of RC drilling has started, with the prime focus of testing for shallow extensions of the nickel mineralisation at St Patricks (which has an existing JORC inferred resource of 135,000 tonnes at 3.7% nickel for around 5,000t of contained nickel) and the St Andrews prospects.

In addition to the RC drill rig, Breakaway will also have two diamond rigs operating at Scotia.

One diamond rig will be used to initially undertake a stage one drilling program to delineate additional depth extensions at St Patricks and St Andrews.

Subject to positive results from the RC and diamond drilling programs, the company plans to move immediately to a stage two infill drilling program to upgrade the resource estimates. This would be planned for August-September.

The second diamond rig at Scotia will drill six to eight holes as an initial test of the potential for resource extensions beneath the old Scotia nickel mine, which has produced some 14,500t of nickel to a depth of 350 vertical metres.

In addition, the company is gearing up work at its West Kambalda project to further assess known resources and explore for additional resources associated with the four known nickel deposits (1A, 5A, 5B and Andrews).

Like the St Patricks deposit, West Kambalda offers significant short term strategic development opportunities for Breakaway given the current record nickel prices.

Mining was previously undertaken on the four deposits during the 1970s and to a limited extent during the late 1990s. St Andrews was the most significant producer, with an estimated 7,800t of nickel metal prior to the closure of the mine in 1979 due to low nickel prices.

All deposits are open at depth and have only undergone limited drilling to delineate resource extensions below depth of 100 to 350m.

## Resource estimate

In 2003, Breakaway estimated an inferred resource of 195,000t at 1.8% nickel for 3,500t

of contained nickel for the 5B deposit and an indicated resource of 29,100t at 3.65% for around 1,065t of contained nickel in a block immediately beneath the shallow 5A open pit (which was mined to a depth of 30m in the late 1990s).

At the current high prices, the 5A resource block, which extends from beneath the pit floor to a depth of 75m, represents a short term production possibility.

Turning to Eloise, the company has started 3D modelling of known mineralisation at Altia with a view to producing a deposit model to guide future exploration and allow estimation of an initial inferred resource by the end of June.

Drilling in the December 2006 quarter delineated a broader system of lead-silver mineralisation at Altia occurring within several parallel zones and extending over a strike length of about 500m as well as to a depth of 250m.

The mineralisation has variable grades of up to 8% lead and 1.5 ounces of silver/t over widths of up to 39m in the most prominent zone.

Following the completion of the resource estimate, the company will undertake a scoping study to better understand the viability profile of this deposit type.

In parallel with this, Breakaway will also start an IP geophysical survey to try and identify responses related to base metal mineralisation over the broader target, which extends over a strike length of 1.8 km.

As for the Eloise operation, in which Breakaway has a 30% net profit interest from owner Barmenco Pty Ltd, reserves numbers are due out in July.