

## In the shadow of the headframe

With recent drill results at its Leinster district project, Miranda, confirming the presence of high MgO ultramafics – the predominant host rock for nickel sulphides in the region – Breakaway Resources Ltd has reached a crossroads while it reassesses the future of its West Australian-based assets.

Breakaway's recent diamond drilling at 19 Mile North, which lies at the northern end of the project, confirmed the presence of the rocks directly south along strike from a group of deposits that has a total endowment of over 0.5mt of nickel metal, representing some of the highest grade nickel deposits in Australia.

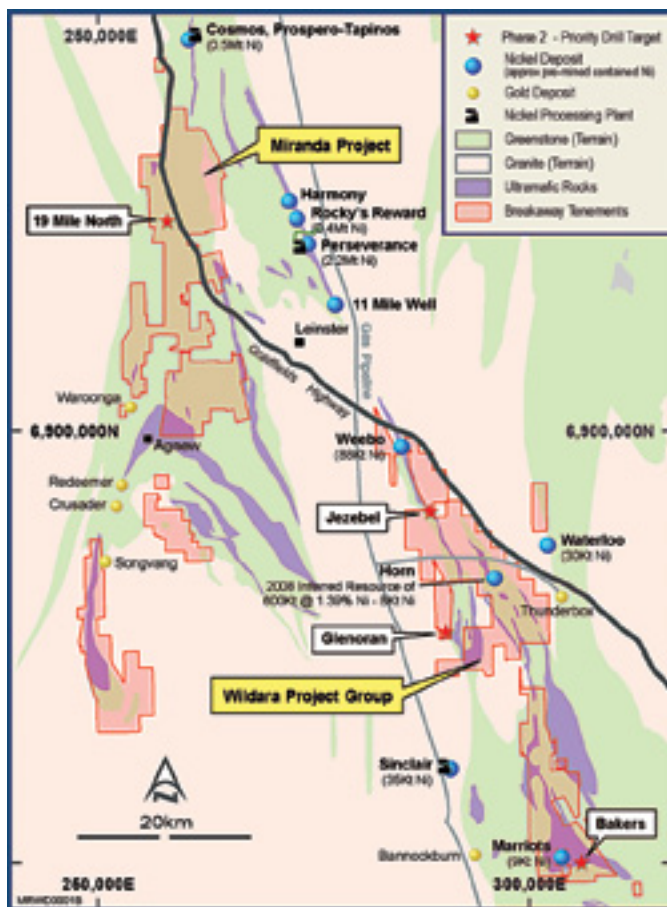
"That's a significant development," explained managing director David Hutton to *Paydirt*. "Previously we had only inferred from magnetic data and limited available geological information that these rocks existed. We went and diamond drilled a number of coincident geophysical and geochemical targets at 19 Mile North and successfully intersected the high MgO ultramafic. While we didn't strike any nickel mineralisation in the holes, the fact that we intersected the right host rocks, in what were the first deep nickel-focused holes to be drilled in the area, we can now say with greater confidence that we have the southern continuation of the same ultramafic belt that hosts Xstrata plc's Cosmos nickel deposits, 20km to the north. The confirmation of the presence of this rock-type will greatly assist in developing future nickel targets within the area."

The other significant outcome from the recent drilling programme was from the Wildara project group – the large block of tenements south along strike of the Leinster nickel deposits.

"At Wildara, there are multiple ultramafic belts that are prospective for nickel sulphide mineralisation. Geological information obtained from the drilling allowed us to prioritise the belts and effectively reinforce the roadside ultramafic, as the key ultramafic for future exploration activities. This ultramafic belt hosts the Horn nickel deposit (8,300t of nickel metal) and new bedrock nickel anomalism at the Bakers target further to the south," he said.

As Hutton explained to *Paydirt*, while Breakaway understood the prospectivity of its WA projects, the issue that stood in its path was how to successfully carry them forward.

"We are now strategically reviewing the future of these assets. While highly prospective, the key issue



Breakaway currently has four nickel projects in WA; the Kambalda West project, Miranda, Scotia and Wildara

for Breakaway is that we realise that we are currently unable, within our capabilities, both technically and financially, to fund these projects at the level that we would like to and the level we would need to."

Hutton said he was under no misconception about the work involved in advancing projects such as these.

"Finding nickel sulphide deposits is hard

work. They are incredibly high value if you latch onto them, but because the deposits are geologically complex and have very small footprints, you can literally drill around them and miss them. It really takes a lot of money and perseverance to be a successful nickel explorer and my personal belief is that nickel sulphide exploration is becoming the preserve of the mid-size and large nickel miners, those with large cash balances that can fund long-term sustained effort."

Hutton said the company was reviewing a number of options which included potential divestment. In the current market an outright sale seemed unrealistic and a spin-off, although it was still too premature to say, would most likely gain little traction.

The proposed move would rebrand the company as a gold, silver and copper-focused explorer and enable it to focus on its Queensland asset Eloise; with recent results providing Breakaway with the ammunition it needs to look at the long-term viability of its WA projects.

"It's really about recognising an opportunity, and that's why we are in Queensland. In the space of two to three weeks we announced a new high-grade gold hit at Surprise Ridge on the Eloise exploration project. Surprise Ridge was a historic copper-zinc occurrence that required further

drilling, and we hit an ounce of gold at shallow depth in the fourth hole we drilled. A couple of other priority copper-gold targets that we have also recently drilled showed shallow, continuous zones of relatively high-grade copper-gold."

Hutton said it was about repositioning Breakaway's focus towards short-term exploration success, and logically that would occur at Eloise.

"We hope we can have success with the copper-gold exploration targets at Eloise, which are located within a 20km radius of the Eloise copper mine which is owned by FMR Investments, our second largest shareholder. You know what they say; the best place to find a mine is in the shadow of the headframe."

**Gold Mining Journal speaks further to the managing director David Hutton about the company's Eloise copper-gold project in Queensland in the next edition of GMJ in October.**

—Bianca Thair



Breakaway will reassess the future of its WA projects as it focuses its attention on its Queensland assets, Eloise, and its Altia JV with BHP Billiton