

Leaner exploration house continues its search for robust base metal reserves

Nickel sulphide explorer and mining wannabe Breakaway Resources Ltd has made its first divesment of a non core asset.

With \$2.1 million currently in the kitty, the Western Australian-based resource house's chief executive David Hutton said the company was now ready to resume drilling following a 12 month rebuilding exercise.

"Our primary objective is to discover and define a nickel sulphide reserve capable of supporting a stand alone development of at least 30,000 tonnes per annum grading 3% or more," he said during the recent Mining 2009 Resources Convention in Brisbane.

"For those assets outside of nickel sulphides, it is all about doing deals to generate shareholder wealth."

The first has seen BHP Billiton Ltd farm into the silver-lead and zinc rights at its Altia project in Queensland where it can earn a 70% interest by spending \$10 million over five years. Breakaway has already outlined a 7 million ounce silver resource on the property, along with 229,000t of lead. The other potential deal may be on the Spargos Reward gold project, located 16 kilometres north along strike from the high grade Wattle Dam yellow metal mine.

Recent drilling by the company at the historic operation has confirmed its potential along strike and down plunge.

Targets prioritised

Looking back over the past 12 months, Hutton acknowledged it had been a particularly difficult time which had led to the company prioritising its assets and changing the way it went about doing business. This included keeping its burn rate under control and introducing a series of cost savings measures.

As it stands Breakaway's core focus is the eastern goldfields of WA – particularly the Saints nickel target in its wholly-owned Scotia project area.

Here, the company is embarking on a 2,000 metre drilling program to further test the high priority Western Contact prospect, where thickened nickel sulphides were previously intersected and results like 27.45m at 1.80%, 4.80m at 2.81% and 2.30m at 2.64% returned.



David Hutton

Located 15 km north of the Scotia nickel mine (where historical production was 14,700t of the base metal), sulphide mineralisation at the Saints comes in the form of a series of sub parallel planar zones developed along a strongly sheared eastern and western ultramafic/basalt contact.

These are now known as the Eastern and Western contacts.

On the former, previous exploration located two mineralised zones some 400m apart (St Andrews and St Patricks), while an inferred resource was delineated at the latter of 135,600t grading 3.70% nickel for 5,000t of contained metal.

The Western Contact was discovered by Breakaway in 2007 and a north plunging zone of higher grade matrix sulphides was defined at its southern end. It has been drilled on nominal 50m centres over about 150m strike length to a vertical depth of 180m and remains open in all directions.

Plan defined

Hutton said the current program would test the Western Contact's north plunging zone for a further 50m along strike and 150m down plunge to a vertical depth of 280m. This would enable the reinterpretation of several previously obtained DHTEM conductors that were present within the mineralised zone.

In terms of the company's holdings in WA's Goldfields, which span more than 1,000 square km, the Breakaway boss noted that all of them either contained

historical deposits, with abundant plus 1% nickel intersections recorded directly along strike from producing mines.

The junior's holdings are broken into three geographical centres. They are Scotia, which is located 65 km north of Kalgoorlie-Boulder, the Northern Projects (situated in the Leinster district) and West Kambalda, where the junior's ground sits north along strike from the nickel operations of Mincor Resources NL.

At the Miranda project, which lies directly along strike from Xstrata Plc's Cosmos group of deposits, Hutton said the exploration house had defined a continuation of the ultramafic belt, while a geological review defined two EM anomalies that would be subjected to further work.

Another project in the Northern area is Wildarra.

Acknowledging the pedigree of its holdings in this district, Hutton said the group was very aware that it was a more longer term play.

"This is where the big deposit will be, but the more immediate opportunity for Breakaway is Scotia," he explained.

"Of all of our targets, this is where we feel we have the best opportunity for the rapid delineation of nickel sulphides."

Further quests

At West Kambalda, the focus has been on developing extensions to the old underground 1A deposit. So far the company has uncovered 7,000t of nickel in resources from 142,000t of material grading 2%.

"That grade is really about half of what it will ultimately prove to be," Hutton said.

"This is a small, structurally complicated nickel deposit, but I think the grade will prove to be closer to what was mined historically at 4%."

Meanwhile, in Queensland, the company has a net profit interest in the Eloise copper mine, which is currently on care and maintenance and awaiting a decision on its reopening by the mine owner FMR Investments Pty Ltd.

Breakaway has also expanded its holdings in this part of the world and now controls nearly 450 sq km of ground.

By Tania Winter