



## Company Update – Video Interview with Managing Director

Managing Director David Hutton discusses the progress of the Company; the interview can be viewed at this [link](#).

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### TRANSCRIPTION OF FINANCE NEWS NETWORK INTERVIEW WITH BREAKAWAY RESOURCES LIMITED (ASX:BRW) MANAGING DIRECTOR, DAVID HUTTON

**David Taylor:** Hello David Taylor reporting for the Finance News Network. Today we are coming to you from the Esplanade Hotel in Fremantle, Perth for Day Two of the Explorers Conference 2011. And joining me now is the Managing Director of one of the presenting companies today, Mr. David Hutton. Well David can you start by giving us a brief overview of Breakaway Resources?

**David Hutton:** Yeah David, Breakaway Resources is a Perth based focused nickel and copper exploration company. Our activities are focused within the Leinster District of the northern gold fields here in Western Australia and within the Cloncurry District of Northwest Queensland. We have a market cap of approximately \$25 million and the Company's been in existence for - it was first listed in 1993 and over the years you know, we've had the backing of a number of major companies. In particular our two largest shareholders are Norilsk Nickel, the world's largest nickel miner, a Russian company and also FMR which is a privately owned company that owns the Eloise Copper Mine, which we have an interest in over in Queensland as well. And our objective is simply to deliver a return to the shareholders through exploration success and we would like to one day, on the back of that exploration success, move from exploration into production.

**David Taylor:** Now there are a lot of explorers out there, so how would you rate Breakaway Resources in terms of its size – what sets you apart?

**David Hutton:** Compared to our peers, we're sort of in the junior to mid-tier space, but what sets us apart is the quality of the exploration assets. To give you an example, the exploration assets we have in the Leinster District, in terms of the size of the land holding, they're comparable to the land under management by BHP and Xstrata. The difference being is that we don't have obviously the same financial resources to explore them at the same rate as BHP, but in terms of their prospectivity and the strategic location of those assets, they're comparable with the major producers. And that's a significant point because – being so close to existing infrastructure, any exploration success that we enjoy, the capital expenditure requirements to bring these exploration assets into production, will be comparatively less than if your exploration asset was in the middle of the desert. You know, in the middle of Australia somewhere.

**David Taylor:** You've got several projects well underway in both Queensland and Western Australia. Can you give shareholders a snapshot of the highlights of those areas?

**David Hutton:** So the projects they're all highly prospective, strategically located and close to and adjacent to existing infrastructure. We have over the last six to twelve months, identified a number of priority targets that represent walk-up drill targets that we'll be getting into this year. We have planned an aggressive campaign throughout 2011 of drill testing and this is on the back of successful capital raising in the middle of last year, which has strengthened our cash position to \$5 million. So the company is categorised by focused exploration into two projects located in premier metal districts in Australia. Aggressive exploration planned on the back of successful capital raising into 2010 and a number of walk-up drill targets. All of which are within close potentially economic trucking distance of existing operations.

**David Taylor:** Now you raised capital at the end of last year in December, are you planning on raising any further funds through the equity market in 2011?

**David Hutton:** Not at this stage, but if the market – the strength of the market was to continue and we had exploration success, we would certainly consider it favourably. We have a lot of supportive shareholders and we were able to raise more money than we anticipated at the end of 2010, on the back of the prospectivity and the results that we had flowing at the time. So yes, if the environment was right, we'd certainly do it again.

**David Taylor:** And David for an Explorers Conference when you hear the name BHP, a lot of ears prick up. So in terms of your joint venture with BHP, what's the significance of that venture for your company?

**David Hutton:** Yeah the significance is twofold David. First of all, we have introduced a strategic partner to advance an asset that is not our focus, so rather than have the asset just sitting there, we're actually bringing value add to it. The second part of that is that if BHP is successful, the way the deal is structured Breakaway has the ability to be a 30% owner of a BHP run operation. Or alternatively, there's a mechanism in the agreement where BHP at that stage on a decision to take this into commercial development, can actually purchase our interest for an agreed commercially valued rate as well. So either way, this is a tremendous value adding opportunity for the company. And quite frankly, it puts us on the radar screen, when we announce anything to do with BHP it gets the share market going.

**David Taylor:** And finally David, where do you see Breakaway Resources this time next year?

**David Hutton:** Yeah I'd like to think that we'll have enjoyed exploration success. I believe that the development work has gone into identifying priority targets for drilling. I think irrespective of what we achieve with these drill programmes, I think we'll have brought a number of the projects to decision points on their prospectivity and whether they offer short term development opportunities. I mean that'll be the critical development this year.

**David Taylor:** It's been a pleasure talking to you David Hutton. Many thanks for your time today.

**David Hutton:** You're welcome thanks very much. I look forward to talking to you in the future.

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### Competent Persons Statement:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr David Hutton (Managing Director), a full time employee of the Company. Mr Hutton is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). He has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

### About Breakaway Resources Limited:

Breakaway Resources aims to generate shareholder wealth through the discovery and development of a high-quality standalone mineral deposit. The Company's exploration activities are focussed on our priority Wildara and Miranda Projects (nickel) located within the Leinster district of Western Australia's North Eastern Goldfields and the Cloncurry District (copper – gold) of North West Queensland; two areas that we believe offers the most attractive opportunities for future success.