



## 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

**Rebecca Richardson:** Hello Rebecca Richardson for the Finance News Network. Joining me from junior explorer Breakaway Resources is Managing Director, David Hutton.

David welcome back. The focus for the Company since mid year has moved to your Eloise exploration project southeast of Cloncurry in Queensland. What are the target styles of mineralisation on the project?

**David Hutton:** Yeah Rebecca, the Eloise exploration project is prospective for both share hosted copper gold mineralisation of the style that is already being mined at the Eloise copper mine, which is on the eastern boundary of our project. And also for a Broken Hill type silver lead zinc style of mineralisation, of which is being mined at the adjacent Cannington silver mine of BHP Billiton's (ASX:BHP).

**Rebecca Richardson:** So what's your stake?

**David Hutton:** We own, with the exception of a small area that is subject to a joint venture with BHP within the southeast corner of the project, we own 100 per cent of all mineral rights for the bulk of the project area.

**Rebecca Richardson:** And what success have you had since commencing drilling?

**David Hutton:** Look it's been a very successful three to four months. We commenced a focussed copper gold exploration drilling program in June of this year. We set off by testing four initial copper gold targets, two of which are emerging as near-term resource opportunities. And that's come about as a result of one drill program. So I'd say we've been pretty successful.

**Rebecca Richardson:** So how much drilling have you undertaken and what's planned for the remainder of 2011, early 2012?

**David Hutton:** Yeah the first drill program, the June/July program consisted of approximately, I think it was 35 RC holes for just under 5,000 metres of drilling. We've now followed that up with a second infill RC drill program of just under 2,000 metres of drilling. So what's planned going forward is we're still yet to receive all the results from that second infill RC drill program on the Sandy Creek prospect. We expect to get those results certainly by middle of November. And at the same time, we will also commence diamond drilling to test primarily the depth potential of the Sandy Creek prospect.

**Rebecca Richardson:** And a more general question regarding the Eloise exploration project. What's the history of drilling in the area and the prospects for a significant discovery?

**David Hutton:** Yeah look to answer the second half of the question first, I believe the prospects for a significant discovery are very good, simply because the actual project is located in a fantastically endowed province. It's the Cloncurry mineral district and within probably a 100 kilometre radius of our project, there's probably over 5 million tonnes of copper metal in regional endowment. Within the actual project boundaries, we have the Eloise

copper mine itself and we're also directly along strike from the Cannington silver mine and a number of other smaller copper gold occurrences as well.

So when you consider that the actual project itself, over the last 10 to 15 years has had very little exploration work for drilling geophysics surface geochemistry, I think the potential is really untapped. And the main reason why the project hasn't had the level of activities over the last 10 to 15 years, is simply because the owners of the exploration ground have also been owners of the actual mine. And as is required when you operate a mine, you have to focus very much on the immediate mine environment, you've got to make sure the mill is being fed.

So consequently while you might have a fantastically prospective surrounding exploration property, by the mere fact that you've got to focus on the mine, the exploration ground doesn't get the attention that it deserves. What's significant and different about what we're doing now is that while we do have a beneficial interest in the Eloise mine, we have no responsibility for that mine and we are highly responsible and focused on exploring the exploration ground around the mine.

**Rebecca Richardson:** Now you also have a silver joint venture with BHP within the Eloise exploration project. What are the terms of the joint venture and what's BHP committed to spending?

**David Hutton:** Yeah BHP has the ability to earn 70 per cent of the silver lead zinc rights within the Altia joint venture area. They have that ability to earn those rights by spending \$10 million over a five year period. The joint venture commenced at the end of 2009 and to date they've spent approximately \$2 million and the majority of that money has gone into drilling. There was a deep drilling program in 2010 and as we speak, they're currently drilling the 2011 drill program.

**Rebecca Richardson:** What's the size of the resource and what are BHP looking for?

**David Hutton:** Yep the current inferred JORC code compliant inferred resource at Altia contains 7.5 million ounces of silver. BHP's commercial target is 100 million ounces of silver. Significantly over the last six to eight months, they have conducted a commercial review of the Altia deposit and the surrounding areas. And their conclusion is there's still sufficient untested volume for that deposit within the extensional positions, to host a 100 million ounce deposit. So the drill program that they're conducting right now is focussed on testing that opportunity.

**Rebecca Richardson:** So if BHP is successful in developing a project, what's the upside for Breakaway?

**David Hutton:** The upside for Breakaway is effectively two-fold. One is that we can potentially become a 30 per cent owner of a BHP size commercial mining operation. And secondly, the agreement allows us to at various stages within the nature of the agreement, to sell our interest which could generate a tremendous amount of cash as well.

**Rebecca Richardson:** Now David you have a couple of other prospects. Starting with Sandy Creek, what's the size of the target and how much drilling's occurred.

**David Hutton:** Yeah look at Sandy Creek we've now confirmed continuous copper gold mineralisation over 600 metres of strike length, down to a vertical depth of approximately 120 metres. The mineralisation displays a lot of similarities with what is mined currently at Eloise. It has similar geological style, it has grades both copper and gold grades that are approaching the Eloise mine grades.

Importantly, while we haven't put a resource number around the existing mineralisation, there is tremendous extensional potential to extend the known mineralisation both to the north along strike and also at depth. And I'd be hopeful that if we have success in this upcoming diamond drilling, that we maybe in a position in the first half of 2012, to generate a maiden resource for the prospect.

**Rebecca Richardson:** And what's the purpose of the current drill program and what grades have you recovered?

**David Hutton:** The diamond drilling that is planned to commence the next two weeks has two aims. One is to further test for depth extensions to the existing mineralisation and service platforms for down-hole electrical geophysics surveying, which will effectively extend the search radius of those drill holes. And secondly, it will also give us for the first time continuous geological coverage through the actual deposit. Previously everything that we drilled there has been by the reverse circulation method of drilling. Diamond drilling will give us continuous drill core through the actual prospect.

In terms of the grades that we've intersected, we've typically seen an internal high-grade zone of copper mineralisation, up to about 3.5/4 per cent over 1 to 2 metres sitting within a broader halo of lower-grade copper mineralisation, with grades typically of about 0.5 to 1 per cent copper. Significantly there are consistently gold grades of up to 1 gram per tonne with the high-grade internal core, and gold grades up to about 0.5 gram with the lower-grade surrounding halo.

**Rebecca Richardson:** Now to your other prospect Surprise Ridge. What does it contain?

**David Hutton:** Yes Surprise Ridge is, as the name implies, a surprise. It's proven to be a little difficult at the moment. We have drilled a number of holes and we've got increasing grades and widths of both silver lead zinc and copper mineralisation as we get deeper. It appears to be a steep plunging structurally controlled shoot, so in other words like a pipe at the moment. The problem we have at Surprise Ridge is we don't have a good handle on what the strike orientation to the mineralisation is. And understanding the strike orientation is important because that's how we're going to build a substantial size resource there.

So while we have increasing mineralisation at depth, we need to do further diamond drilling and three dimensional modelling of the deposit - of the prospect itself, to see if we can determine which way the thing is striking, which we can then go and do further follow-up drilling. And then try and build a potentially economic sized silver lead zinc resource.

**Rebecca Richardson:** Now to corporate matters. You flag the divestment of your WA nickel assets given they're beyond the financial capacity of Breakaway. How is this progressing?

**David Hutton:** We are currently discussing the possibilities with those projects with a number of companies, that's an ongoing process. And I would certainly be hoping of updating the market on where those discussions have got to, sometime before the end of the current year.

**Rebecca Richardson:** If successful, what will the divestment mean for the Company?

**David Hutton:** Yeah look, it will mean several things. Most importantly it has the ability to generate a significant cash return for the Company and importantly, it will allow us to focus on what we see as the key asset, the Eloise exploration project going forward.

**Rebecca Richardson:** Last question David. Where would you like to see Breakaway this time next year?

**David Hutton:** Breakaway in one year's time, I would like to see us having declared a maiden resource for the Sandy Creek prospect over here in Queensland. I'd like us to be drilling a very healthy pipeline of other exploration targets. And I'd like us also to be getting to a decision on potential mining of Sandy Creek, or one of the other targets we have here at Eloise.

**Rebecca Richardson:** David Hutton thanks for the update.

**David Hutton:** You're welcome Rebecca I'll talk to you soon.

**ENDS**

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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.

Mr Hutton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**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 Eloise Exploration Project (copper – gold) located within the Cloncurry District of North West Queensland and the Wildara and Miranda Projects (nickel) located within the Leinster District of Western Australia's North Eastern Goldfields; two areas that we believe offers the most attractive opportunities for future success.

