

Dig this: four little explorers tipped for big returns

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Four junior explorers (including for nickel mines such as the WA one pictured) have been tipped for windfall returns by independent research firm Breakaway. **Photo: Andrew Quilty**

Mining exploration companies capitalised below \$300 million are getting less coverage from the major brokerage houses than ever, but Sydney's Breakaway Research has drilled down to recommend four which have a high probability of converting discoveries into significant mines.

The most advanced explorer picked by Breakaway is Sirius Resources, which has identified a substantial nickel find in Western Australia. Peel Exploration, Adelaide Resources and Rox Resources also have material, but less advanced projects.

"Breakaway is recommending a portfolio approach with an investment in each company," says executive director Stephen Bartrop, a geologist who's worked in mining or financial services for 30 years.

"It is potentially these companies that will provide the greatest shareholder value increases out of the junior resource sector."

Sirius Resources

Sirius is Breakaway's "barometer" of what is achievable with greenfields exploration, Bartrop says.

The firm began covering the stock in 2011 when its share price was 17 cents and enterprise value \$12 million. Then in 2012 it discovered the 'Nova' and 'Bollinger' nickel deposits in WA, causing the share price to shoot as high as \$5 before settling around \$2.50 today.

Breakaway is backing Sirius to repeat its trick of last year.

"Encouragingly, significant exploration upside still exists as nickel sulphide deposits of this nature are often 'stacked'," Bartrop says.

"Drilling campaigns are ongoing within the immediate footprint, as well as on numerous other...projects."

Adelaide Resources

Breakaway likes the "broad widths of high grade copper and gold mineralisation" observed at shallow depths by this minnow at its Alford West project, within the Moonta region of South Australia.

With follow-up drilling on 70 per cent of the site still to come, Bartrop says Adelaide Resources is “highly leveraged to exploration success” and is tipping its \$13.5 million market cap won’t last long.

Rox Resources

This tiddler has gold and phosphate projects in northern Australia but it’s the ‘Myrtle’ zinc and lead project in the Northern Territory which Breakaway is tipping for big things.

“Recent drilling at the Teena prospect intersected broad widths of zinc and lead mineralisation, with encouraging visual indications in a recently completed second hole,” says Bartrop.

“At the Camelwood prospect, Rox has identified significant nickel mineralisation along a strike of 800 metres. Opportunities exist for ‘repeat zones’ of mineralisation along the highly prospective 8 kilometre ultramafic belt. With an enterprise value around \$27m, the market does not seem to appreciate the potential scale of each of these projects.”

Peel Mining

Breakaway describes the drilling intercepts from this microcap’s ‘Mallee Bull’ copper-silver-gold-lead-zinc-cobalt prospect in NSW’s Cobar basin as “some of the most impressive grades and widths encountered in recent times”.

“Two additional nearby prospects within the Cobar basin also demonstrate similar characteristics to Mallee Bull, providing significant opportunity for further positive news flow in the coming months. Peel Mining has an enterprise value of around \$35 million which seems unjustified given the prospectivity of its tenements,” Bartrop says.

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