



**BREAKAWAY**  
Resources Limited

# Kambalda West Project Drilling Recommences New Ground Acquired

**3 September 2004**

## Highlights

- Drilling recommences at Spargoville targeting extensions to 5A, 5B and Andrews deposits.
- Option exercised to acquire prospective nickel tenement package at Yilmia.
- New Option to Purchase Agreement executed over two tenements prospective for nickel and gold located adjacent to the Burnam prospect at Yilmia.

## SPARGOVILLE

Breakaway Resources Limited ("Breakaway") has recently completed an auger geochemical sampling program over the Spargoville and Spargos Reward areas which has defined several new nickel sulphide target zones (Figure 1).

Modelling of the results at Spargoville has highlighted a number of new nickel targets in areas adjacent to and along strike from the known deposits at 1A, 5A, 5B and Andrews. Several of the geochemical anomalies are coincident with previously defined and untested ground EM geophysical conductors providing immediate drilling targets.

The results have also highlighted several new anomalous nickel zones within ultramafic rocks in the Spargos Reward area. These zones are of a similar or higher magnitude response to the areas of known mineralisation at Spargoville. Detailed mapping of these zones is underway prior to the determine areas for follow up geophysical and drilling programs.

A diamond drilling program has commenced at Spargoville on targets within the 5A, 5B and Andrews deposit environs. At 5A, drilling will test a down hole EM anomaly down plunge from the two nickel sulphide intersections in located in drill hole 5ADDH012 (0.93 metres of 2.2% nickel and 1.42 metres at 1.3% nickel). Drilling at the 5B and Andrews areas will target areas below the existing deposits and provide access points for future down hole geophysical programs. The drilling program is expected to take approximately two months to complete.

## YILMIA

### Exercise of Allen Option

Breakaway is pleased to announce the exercise of the option to purchase a tenement package in the Yilmia area near Kambalda, south of Kalgoorlie in Western Australia. The tenements are located west of Breakaway's Spargoville area and incorporate the new Burnam and Kemble nickel prospect areas.

Breakaway has acquired the tenement package by issuing 853,659 fully paid ordinary shares in Breakaway plus granting a 1.5% Net Smelter Return royalty for any nickel and cobalt metal produced and 2.0% gross gold royalty, payable in Australian dollars quarterly from commencement of mining.

### New Option Agreement

Breakaway also announces the execution of an Option Agreement to purchase two nickel and gold prospective tenements located to the immediate east of the Burnam prospect in the Yilmia area on the following terms:

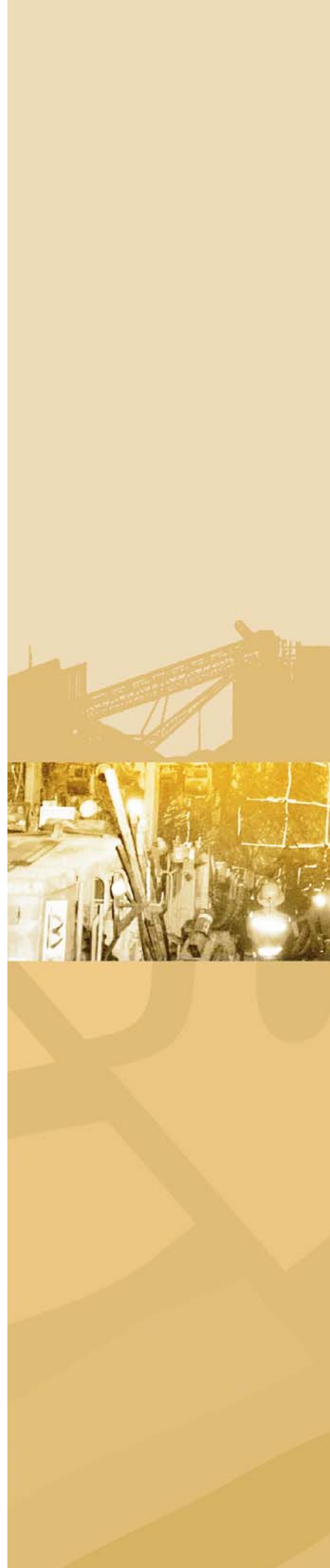
1. The Vendors have granted Breakaway an Option to acquire the tenements for a period of two (2) years from 27 August 2004 for an option fee of \$20,000.
2. Breakaway can exercise the Option at any time during the Option Period subject to having completed a minimum expenditure of \$60,000.
3. Upon meeting the minimum expenditure referred to in point 2 above, Breakaway can exercise the Option to purchase by a cash payment of \$60,000.
4. In addition, upon exercise of the Option, the Vendors will be entitled to a 1.0% Net Smelter Return royalty on any nickel, cobalt and gold metal produced from the commencement of mining.

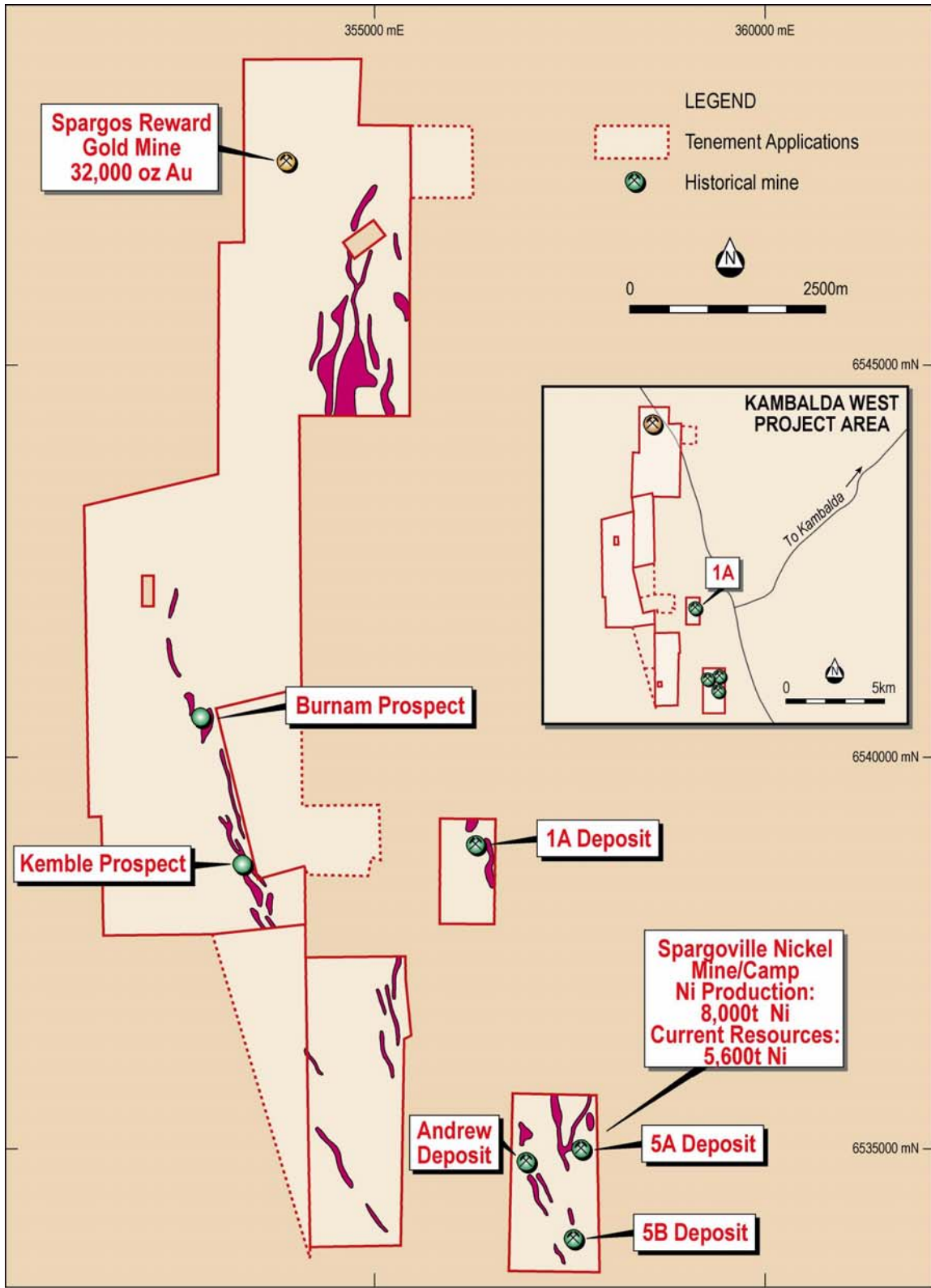
The Option secures an area covering a sequence of sediments and ultramafic rocks that are part of the geological sequence hosting the Burnam nickel prospect. Exploration by Breakaway has indicated that prospective contact horizons extend into these tenements which will be explored in conjunction with the program commenced at the Yilmia area.

Yours faithfully




**MICHAEL MULRONEY**  
Managing Director





**Kambalda West Project  
Auger Geochemistry Anomalies**



BRK0049A

**Figure 1**