



DEBT-FREE BREAKAWAY TO POCKET \$4.5 MILLION FROM RESTRUCTURE

15 June 2005

Breakaway Resources Limited (ASX:BRW) wishes to advise that it has formally completed the first of three agreed transactions which will transform the Company's financial structure and commodity focus.

The restructure of the Bannockburn Nickel and Base Metals Joint Venture with Jubilee Mines NL subsidiary, Sir Samuel Mines NL, as announced on 6 May 2005, was completed on 10 June 2005 with Breakaway receiving net proceeds of more than \$335,000.

Breakaway's Managing Director, Mr Mike Mulroney, said "Friday's settlement of the Jubilee transaction was expected to be shortly followed by the formalisation of the Company's move to 100% control of the Miranda Nickel Project in Western Australia and the sale of the Bannockburn Gold Project to LionOre Australia Pty Ltd.

"It is also expected that by 31 July, the Company would complete the necessary shareholder meetings for the issue of converting notes to LionOre. Once approved, LionOre will have the ability to become Breakaway's largest shareholder with the right to go from 12.7% to 24%. The Company expects to have cash reserves of approximately \$4.5 million in cash.

"Breakaway will commence 2005-2006 in the unique position for a junior explorer of having three major advanced projects - of which it has a detailed working knowledge - being fully owned by the Company, with its exploration programs well funded for the next two years," Mr Mulroney said. Breakaway's streamlined asset base now comprises:

- 100% ownership of the Kambalda West Nickel Project (WA)
- 100% of the Miranda Nickel Project (WA)
- 100% of the Eloise Regional exploration project (Qld)
- A contingent 30% net profit interest in the Eloise Copper Mine (Qld)

FUTURE EXPLORATION PROGRAM

While full details of Breakaway's forward exploration will be announced over coming months, ground EM geophysical programs are scheduled for the September quarter followed by the first drilling in the December quarter at Miranda North and Pinnacles Well within the Miranda Nickel Project.

Follow up ground EM geophysical programs followed by reconnaissance drilling by September are foreshadowed for the Kambalda West Project.

A strategic review is underway of the Eloise Project near Cloncurry in Queensland following the completion of a detailed airborne magnetic survey. Additional groundwork and prioritising drill targets is underway, particularly around the Altia prospect where strong intercepts of lead-silver mineralisation (39.6 metres at 8.17% lead, 30g/t silver) have previously been identified.

Yours faithfully

MICHAEL MULRONEY
Managing Director

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