

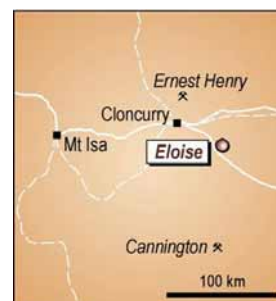
Copper royalties to commence for Breakaway

Thursday, 22 September 2005

Base metals explorer, Breakaway Resources Limited (ASX:BRW), has announced that it expects to accrue the Company's first copper royalty payments from the Eloise Copper Mine in Queensland, in the current September 2005 quarter.

The royalty arises as a result of Breakaway's decision to retain a 30% net profit royalty when it sold the mine to Barmenco Investments Pty Ltd in February 2004.

The commencement of the royalty coincides with the formal completion this quarter of the Company's major restructuring program.



This has positioned the now cashed-up Breakaway as 100% owner of the Miranda and Kambalda West nickel projects, both in Western Australia, the Eloise royalty stream and 100% ownership of more than 300 square kilometres of prospective copper and base metal tenements around the Eloise Copper Mine. The exploration tenements retained by Breakaway around the Eloise Copper Mine cover several major structural corridors along the eastern margin of the Mt Isa Block - one of the world's most prolific base metal provinces.

"The royalty payments are a significant cash development for Breakaway and its shareholders and reflect the continuing strong market conditions for copper over the past 6-12 months," Breakaway's Managing Director, Mr Mike Mulroney, said today.

"With this underlying cash flow, combined with the \$3.5 million investment in our company by LionOre Australia Ltd under the recently approved converting note issue, Breakaway is well placed as a junior company to aggressively advance its existing projects at Miranda, Kambalda West and Eloise while retaining the financial capacity to pursue new growth opportunities," Mr Mulroney said.

"This is one of Breakaway's most exciting periods in its history:

- ❖ The Company's 100%-owned Miranda Nickel Project, immediately adjacent to and on trend with Jubilee's Cosmos Nickel Mine and the Prospero and Anomaly 4 discoveries, is being readied for drilling in the next few months
- ❖ Completion of an independent geological and geophysical review by GeoDiscovery Group on the retained Eloise tenements, has confirmed 16 highly prospective targets, together with the Altia discovery. Breakaway is advancing a program to follow up the results of the study
- ❖ Receipt of quarterly royalties from the Eloise Copper Mine, commencing this quarter
- ❖ Sufficient working capital to fund the Company's exploration programs."

Under the terms of last year's mine sale, Barmenco has now advised Breakaway that the mine's accumulated Net Profit position (subject to final audit and shipping reconciliations) as at 30 June 2005, had reached \$14.6 million (the royalty payment becomes payable to Breakaway when the mine's Accumulated Net Profit exceeds the acquisition price of \$15.6 million). Breakaway is entitled to a royalty of 30% of the Net Profit above the benchmark of \$15.6 million.

"We understand that the current projected life-of-mine forecast for Eloise is at least a further 24 months production based on known resources, with the main ore production areas remaining open at depth - and are hopeful of providing further guidance in coming weeks on the mine's operating outlook," Mr Mulroney said.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Michael Mulroney', written over a horizontal line.

MICHAEL MULRONEY
Managing Director