



Kambalda West Project Development Update

23 September 2003

Highlights

- Resource established for 5A Nickel Project
- Discussion with off take partners continue
- New geophysical targets defined at 5A Nickel Project

5A Nickel Project

Breakaway Resources Limited today is pleased to announce the next step in the proposed development of the 5A Nickel Project within the Company's Kambalda West Project centred on Spargoville, 20 kilometres west of Kambalda.

The 5A Nickel Project is the first target from a suite of exploration prospects held within Breakaway's Kambalda West package to be advanced towards full development. Breakaway's intent is to build a significant nickel production profile from the Kambalda West Project which covers 30.5 km² of highly prospective tenements.

Following the recent drilling programs, Breakaway has defined the following Global Resource for the 5A Nickel Project:

| | Tonnes | Grade (Ni %) | Contained Metal (tonnes) |
|---------------------------|---------------|-----------------|-----------------------------|
| Indicated Resource | 41,300 | 2.63 | 1,086 |

A preliminary mining resource has been defined using a 1.0% lower cut off grade. For mine planning purposes, this resource has been divided into oxide, upper transition and lower transition sulphide ore types as shown in the table below.

The Indicated Resource for the 5A Nickel Project at a 1% cut off grade (COG) is defined as:

| Ore type | Tonnes | SG | Grade | | |
|------------------|---------------|-----|-------------|-------------|--------------|
| | | | Ni % | Cu % | Co % |
| Oxide | 1,300 | 2.8 | 1.52 | 0.09 | 0.030 |
| Upper transition | 19,176 | 3.0 | 3.28 | 0.25 | 0.029 |
| Lower transition | 8,672 | 3.2 | 4.8 | 0.25 | 0.056 |
| Total | 29,148 | | 3.65 | 0.24 | 0.037 |

Off-take Agreement

Following the completion of preliminary metallurgical test work, discussions have begun with previous oxide ore off take partner OMG Cause Pty Ltd and other interested parties with respect to entering into off-take agreements for the various 5A deposit ore types. The Kambalda West Project is not subject to any pre-existing commercial off take commitments which affords considerable flexibility in defining the most appropriate off take partnership arrangements.

Further Targets Located at 5A Deposit

A down-hole Transient Electromagnetic (DHTEM) geophysical survey was completed in selected holes at the completion of the recent drilling program to define possible down plunge extensions to the 5A deposit.

Analysis of the results by the Company's geophysical consultants has identified four additional off hole conductors outside the existing drill coverage. Two of the identified conductors are considered of significance and worthy of follow up testing

One target is located in a deep footwall position and may represent a remobilized sulphide body or a new channel position within the favoured contact zone. The second target position was detected down dip from the previously drilled **5ADD04** (1.04 metres grading 5.4% Ni) suggesting that this hole may have intersected the top of a sulphide body.

Both targets will be tested in a drill program commencing shortly with success in either of these holes having the potential to increase the resources within the 5A deposit. The drilling program will include additional holes for metallurgical samples and mining optimisation studies at the 5A deposit.

Future Work

The development of the **5A Nickel Project** is the beginning of a project development pipeline that will next focus on the extensions of the **5B nickel-gold resource** and the nickel sulphide deposits at the 1A and Andrew's underground mines. These historic underground mines have previously produced approximately 14,000 tonnes of nickel metal.

Yours faithfully



Michael Mulroney
Managing Director

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by James Guy who is a Member of The Australian Institute of Geoscientists. James Guy is a fulltime employee of the Company. James Guy has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 1999 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves'. James Guy consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

