



BREAKAWAY
Resources Limited

Sale of Eloise Copper Mine

27 January 2004

The Board of the Company is pleased to announce the execution of a Heads of Agreement (“HOA”) for the sale of the wholly owned Eloise Copper Mine to Barmenco Pty Ltd (“Barmenco”), the mining contractor at the Eloise Copper Mine. The Eloise Copper Mine, located in northwest Queensland, produces a copper-gold-silver concentrate from the 850 metre deep underground mine.

Under the HOA, the sale of the Eloise Copper Mine has been structured as follows:

1. Barmenco will acquire the four Eloise Mining Leases and all the assets of the Eloise Copper Mine on a “walk in – walk out” basis by cancelling all amounts outstanding under the Eloise mining contract, assuming all third party trade creditors, debtors, employee entitlements and environmental liabilities for the Eloise Copper Mine. Total Consideration is \$13.2 million based on a 31 December 2003 balance date. The final Total Consideration will be determined on the Final Settlement date.
2. The Company will retain a 30% Net Profit Interest in the Eloise Copper Mine commencing from the date that the Net Profit from mining operations and/or sale of the Eloise Copper Mine equals the final Total Consideration.
3. The Company will also retain 100% ownership of approximately 245 square kilometres of exploration tenements surrounding the Eloise Copper Mine subject to an Option to Purchase held by Barmenco. The Option can be exercised for a price based on an independent valuation in the event the Eloise Copper Mine is sold to a third party.

The Sale of the Eloise Copper Mine is subject to:

- Approval from the shareholders of Breakaway for the purposes of the Corporations Act and ASX Listing Rules;
- Approvals from all relevant government and statutory bodies including the Australian Stock Exchange and Australian Securities and Investments Commission;
- Completion of a satisfactory Due Diligence review by Barmenco; and
- Approval from the financiers of both Breakaway and Barmenco.

ABN: 16 061 595 051

Registered Address: Level 1, Pinnacle House, 16 Ogilvie Road, Mt Pleasant WA 6153

Postal Address: Locked Bag 4, Canning Bridge WA 6153

Phone: (08) 9315 6444 Facsimile: (08) 9315 6449

Email: admin@breakawayresources.com.au Web: www.breakawayresources.com.au

Final settlement of the transaction is scheduled to occur within seven days of obtaining Shareholder Approval, currently anticipated to be the end of March 2004. All documentation associated with the transaction is expected to be despatched to Shareholders by end of February 2004.

The independent members of the Board believe that the sale of the under performing Eloise Copper Mine is in the best interests of shareholders as:

1. the sale will stop the working capital and capital outflow of the Company associated with the underperformance of the Eloise Mine;
2. it will enable the Company to generate long term shareholder value through the exploration and development of its significant Western Australian gold and nickel projects;
3. the Company will retain full exposure to the significant copper exploration potential in the area surrounding the Eloise Copper Mine and a contingent Net Profit Interest in the long-term future of the Eloise mine; and
4. the removal of all liabilities associated with the Eloise Mine will significantly strengthen the Company's balance sheet to fund emerging production developments in its nickel and gold assets.

The Company will immediately accelerate activities at the Kambalda West Nickel Project to move the Project into development. The 5A Nickel Deposit feasibility study is being finalised in conjunction with the commencement of resource definition drilling at the 5B Nickel Deposit. Studies into the joint development of the 5A and 5B will commence with the view to expanding the proposed operation's life allowing the exploration of the depth potential of the 5A, 5B and Andrews deposits to be rapidly advanced.

Together with the continuing successful exploration in the Yilmia area and the long term nickel potential of the Bannockburn and Miranda areas, the Company is well placed to develop a significant nickel business.

The Company's gold activities are also poised to rapidly expand. The optimal development route for the Vivien Gold Deposit is currently under discussion with joint venture partner Gold Fields Australasia prior to a production decision. Exploration has continued within the Miranda Joint Venture with conceptual development studies underway at the Cams deposit. Similarly, a detailed evaluation of the resource potential of the Bannockburn mine area is nearing completion, which will highlight future development opportunities.

Yours faithfully



Michael Mulroney
Managing Director

For further information contact:

Jon Young
Chairman
0418 876 363

Michael Mulroney
Managing Director
0412 433 806

