
NEWS

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BREAKAWAY RESOURCES WIDENS KAMBALDA

NICKEL STUDY AFTER RESOURCE UPGRADE

Feasibility studies into mining Breakaway Resources Limited's (ASX code "BRW") Western Australian nickel deposits have been widened following a 33% resource increase in one of the project's ore bodies.

Breakaway Resources announced today that feasibility studies on the Company's Kambalda West project would now examine the co-development of both the 5A and 5B nickel deposits.

The study was originally concentrating on the 5A deposit.

"The decision to expand the study follows the completion of a new resource calculation for 5B of 261,500 tonnes grading 1.85% nickel," Breakaway Resources' Managing Director, Mr Michael Mulrone, said today.

"This 33% increase in the 5B resource, determined after drilling 175 metres below the base of the existing open pit, provides a much stronger foundation for the overall development of nickel production from Kambalda West," Mr Mulrone said.

"With a coincident gold resource at 5B, we have expanded the feasibility study to now consider optimum processing options for the recovery of both gold and nickel at 5B, and the co-development of the 5A and 5B deposits," he said.

"This work has commenced and will continue through the September quarter.

"Together with the decision, we have also increased our confidence level in the Kambalda West nickel resource, with 71% of the resource now moved for the first time from inferred into the indicated category."

Breakaway Resources' nickel development strategy encompasses its 100% owned 5A, 5B and Andrew's projects at the Spargoville Nickel Mining Centre, 20 kilometres west of Kambalda.

The co-incident gold resource at 5B, which extends from the base of the existing open pit vertically to a depth of 125 metres, comprises 83,550 tonnes grading 2.43 grams per tonne gold, containing 6,530 ounces of gold.

Recent shallow drilling at Andrews has also located new nickel oxide mineralisation.

Vivien gold mining decision

In its quarterly report released today, Breakaway Resources also announced that feasibility studies on its Vivien gold project would be completed next month.

The Company's 60% farm-in partner at Vivien, Agnew Gold Mining Company Pty Ltd, is required by 10 September this year to make a decision to mine and develop the project's ore bodies.

New drill results from Vivien have led to a revised resource calculation of 635,480 tonnes grading 9.07 grams per tonne gold for 185,320 ounces.

Following its recent sale of the Eloise copper mine near Mount Isa, Breakaway Resources has retained a diverse nickel, gold, copper, lead and zinc exploration portfolio in Western Australia and Queensland.

Lion Ore Mining International Ltd has recently taken a 14% stake in Breakaway resources, with Lion Ore's Mr Peter Buck joining the Breakaway Board as a non-executive Director.

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RESOURCE SUMMARY

Global Resource	INDICATED		INFERRED	
	Tonnes	Grade (Ni %)	Tonnes	Grade (Ni %)
Oxide	12,000	1.31	2,400	1.20
Upper transitional	65,500	1.97	23,800	1.91
Lower transitional	110,000	1.85	47,800	1.83
Total	187,500	1.86	74,000	1.84

Global Resource	INDICATED			INFERRED		
	Tonnes	Grade (g/t)	Ozs gold	Tonnes	Grade (g/t)	Ozs gold
Oxide	2,800	6.93	620	17,000	3.28	1,790
Upper transitional	13,400	3.73	1,600	17,700	1.55	880
Lower transitional	18,850	1.88	1,140	13,800	1.58	700
Total	35,050	2.99	3,360	48,500	2.16	3,370

Based on a lower cut-off grade of 0.5 g/t gold and an upper cut-off grade of 20 g/t gold