



Thursday 26 October 2006

SIGNIFICANT EXTENSIONS TO LEAD-ZINC-SILVER MINERALISATION DELINEATED AT BREAKAWAY'S ALTIA DEPOSIT, QUEENSLAND

KEY POINTS

- **Wide spaced diamond drilling programme in progress on the Altia lead-silver-zinc deposit in Queensland.**
- **Significant results from preliminary, wide-spaced drilling include:**
 - **7m @ 5.04% lead, 11.5g/t silver and 0.90% zinc**
 - **39m @ 6.1% lead, 28.4g/t silver and 0.55% zinc**
 - **5m @ 5.88% lead, 78.7g/t silver and 1.3% zinc**
 - **1m @ 2.65% lead, 49.9g/t silver and 0.20% zinc**
- **Known strike length of the Altia deposit extended from 300 to 500 metres without being closed off.**
- **Additional mineralised zones intersected indicating the potential for a broader strike extent and multiple zones of mineralisation.**

Breakaway Resources Limited (**ASX: BRW**) is pleased to announce that it has received excellent results from a preliminary, wide-spaced diamond drilling programme currently underway on the **Altia lead-silver-zinc deposit**, located some 4 kilometres south west of the Eloise Copper Mine on 100% Breakaway-owned ground in North Queensland.

The drilling programme – which is the first to be undertaken by Breakaway since its recent repositioning as a leading mid-tier nickel and base metal group – has confirmed significant extensions to the Altia deposit, including the possibility of a broader strike extent and multiple zones of mineralisation.

The Altia deposit is associated with a broader geophysical target comprising coincident magnetic and gravity anomalies developed over a strike extent of about 1.8 kilometres. The deposit is totally concealed by cover sediments which obscure the bedrock geology. The geophysical target was previously explored by broad-spaced RAB/aircore/diamond drilling carried out by BHP Billiton (“BHP”) in the 1980’s and Amalg Resources NL in the 1990’s.

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This historical work, although of limited extent, successfully delineated mineralisation with grades ranging typically between **3 to 6% lead** and **1 to 2 ounces of silver per tonne**, occurring in an east-dipping ironstone unit over down-hole widths of up to 40 metres and a strike extent of 300 metres.

Due to depressed metal prices at the time, historical exploration coverage of the Altia deposit and surrounding area has been superficial, with only a limited number of holes defining the mineralisation.

Although information is limited, the available evidence suggests that sulphide mineralisation may be preserved at shallow depths (approximately 30 metres), immediately beneath the cover material, without significant degradation by oxidation. This is encouraging as it could have important positive economic implications. However, further investigation is required to fully assess this possibility.

It is interpreted that the mineralisation is of a style similar to the Broken Hill and Cannington deposits (Cannington is operated by BHPB some 100 kilometres along strike to the south of the project in a similar geological and structural setting). Globally, this is a major deposit style that can produce world-class deposits as demonstrated by both the Broken Hill and Cannington deposits.

Breakaway's current diamond drilling programme on Altia, planned to be completed before the onset of the forthcoming wet season, comprises approximately 10 initial, broad-spaced holes, drilled on 100 metre spaced lines with only one to two holes per section, to scope out the potential strike extent of the mineralisation, the controls and nature of the deposit and the opportunity for zinc-dominant zones.

To date, a total of six diamond drill holes have been completed. Analytical results have been received for sections of holes BERD0003 and BERD0004 (see Figure 1) and are summarised below:

Hole No	Easting (AMG)	Northing (AMG)	Az	Dip	From Depth (m)	Width (m)	Lead (%)	Silver g/t	Zinc %
BERD0003	496475	7678700	270	-60	204	7.0	5.04	11.5	0.90
BERD0004	496200	7679200	270	-60	67	39.0	6.10	28.4	0.55
					118	5.0	5.88	78.7	1.30
					127	1.0	2.65	49.9	0.20

Estimation of true widths requires additional information from infill drilling. Specific gravity measurements have not been measured for the assayed sections and it can be expected that such measurements could have positive influences on the estimated grades. Intersection selection adopts a lower cut-off grade of 1% lead. Top cuts have not been applied to silver grades due to an insufficient volume of statistical and mineralogical information.



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The intersections in holes BERD0003 and 0004 are very encouraging, as they have extended the known strike length of the Altia deposit from 300 to 500 metres. The deposit remains open to the north and south and at depth.

Additional mineralised zones have been intersected in holes BERD0003, 0004, 0006 and 0007 over widths of 6 to 25 metres, indicating the possibility for a broader strike extent and multiple zones of mineralisation. Further comments on these intersections need to await completion of sampling and assaying, which is currently in progress.

At this stage in the programme there has not been an opportunity to investigate the broader distribution of the mineralisation in the down-dip plane. Previous drilling was also limited in this direction, with the deepest intersection located at a depth of 350 metres.

The occurrence of several narrower runs of zinc mineralisation within the above intersections is a favourable indicator for metal zonation and the potential for zinc-enriched zones within the broader mineralised system.

In addition to the current drill program, a number of follow-up activities are planned with the objective of assisting with the planning of future drill holes. These include ultra-detailed ground magnetics which will be carried out in an attempt to overcome the obscuring effects of cover and identify any near-surface structural complexities.

This will be complemented by structural studies of the drill core, to improve the understanding of the geological controls on the mineralisation. In addition, a broad suite of elements are being assayed on the core and the results to date indicate that there may be an important role for applying pathfinder elements with shallow geochemical drilling for guiding future diamond drilling.

Breakaway is also reviewing Eloise style copper-gold targets identified in the vicinity of the Eloise copper mine. It is anticipated that drilling on the higher priority targets could commence during the December quarter.

Breakaway holds 350km² of highly prospective tenements surrounding the Eloise Copper Mine, which is located within the heart of the Mt Isa Inlier, a major global base metal province. The current drilling programme represents the most comprehensive exploration program to be carried out outside of the immediate Eloise Mine area in the past 15 years.

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Background Information:

Breakaway Resources Limited (ASX: BRW) is one of Australia's leading nickel and base metal exploration companies, with commanding strategic ground holdings covering some of Australia's most prospective nickel and base metal provinces.

In August 2006, Breakaway finalised the acquisition of a premium portfolio of Australian nickel exploration assets from LionOre Mining International Ltd for A\$10.55 million, augmenting its existing exploration portfolio and repositioning the Company as a substantial base metal company.

Breakaway has committed to a minimum \$6 million per annum exploration budget to pursue intensive exploration programs within this portfolio, which covers a combined area of approximately 3,700km² in the Eastern Goldfields and East Kimberley regions of Western Australia, as well as extensive exploration interests surrounding the Eloise Copper Mine in North Queensland.

Breakaway also holds a 30% net profit royalty interest in Eloise Copper Mine, with royalty earnings for the 2005/06 totalling approximately \$14.15 million. With a strong cash position in excess of \$20 million and a continuing cash flow from the Eloise royalty, Breakaway is well placed to realise its vision of targeting the next generation of major base metal discoveries in Australia.

Competent Persons Statement:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Peter Buck (Managing Director) and Mr David Hutton (Exploration Manager), both full time employees of the Company. Mr Buck and Mr Hutton are members of the Australasian Institute of Mining and Metallurgy (AusIMM) and have sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

All diamond drill hole results were obtained from half NQ core. No core loss was present through the sampled intervals quoted above. All samples were prepared at ALS-Chemex's Townville facility using dual stage crush and pulverisation, and assays at ALS-Chemex's Brisbane laboratory using a 0.25g multi acid (+HF) digest and ICPAES finish (ME-ICP61). Samples with values greater than 1% Pb, 1% Zn and/or 100ppm Ag are subject to a repeat 0.5g ore grade aqua regia digest and ICPAES finish (ME-OG46).

Drill intercepts are reported using a 1% Pb bottom cut-off where appropriate. The location of drill holes were determined using a handheld GPS achieving +/- 4 metres accuracy and reading AMG co-ordinates (AGD84 datum). Downhole surveys were conducted every 30 metres downhole using an Eastman single shot survey camera.

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Altia Lead - Silver - Zinc Prospect Diamond Drill Hole Location Plan and Aeromagnetic Image Eloise Regional Project

