

Debt-Free Breakaway To Pocket \$4.5 Million From Restructure

Base metals explorer, Breakaway Resources Limited, says it will commence the new financial year with approximately \$4.5 million in the bank and no debt, after successfully restructuring its operations.



A Breakaway Project

The Company made the announcement yesterday, and foreshadowed an aggressive exploration program for the forthcoming December half, after

formally completing the first of three agreed transactions which by July 31 will transform the company's financial structure and commodity focus.

Breakaway received net proceeds of more than \$335,000 from Jubilee Mines NL as part of that company taking over the nickel interests of the former Bannockburn Joint Venture in Western Australia, in which Breakaway had been a 30% partner.

This change vested 100% control and ownership of the joint venture's gold interests in Breakaway which has since on-sold the gold project to LionOre Australia Pty Ltd, with receipts from that transaction also expected this month.

Breakaway's Managing Director, Mr Mike Mulroney, said yesterday's settlement of the Jubilee transaction was expected to be followed later this month by the formalisation of the Company's move to 100% control of the Miranda nickel project in Western Australia, under a transaction involving Gold Fields Limited

It was also expected that by 31 July, the Company would complete the necessary shareholder approval meetings for the issue of converting notes to LionOre.

Under the restructuring, LionOre has emerged with a 12.7% stake in Breakaway Resources with the Company capitalised at between \$16-17 million based on current on-market values of its 513 million ordinary shares on issue.

LionOre also has the right to move to a 24% position in Breakaway, which would make it the Company's largest shareholder.

"Breakaway will commence 2005-2006 in the unique position for a junior

explorer of having three major projects - of which we have a detailed working knowledge – being fully owned by the company, at advanced stages now of development and with the cost of their exploration programs fully covered for the next two years,” Mr Mulroney said.

“Significantly, the emergence of Breakaway as a focussed, highly transparent base metals company has been achieved with minimal dilution of its capital base.

“These factors have favourably impacted the outlook for both exploration success and potential share value growth,” Mr Mulroney said.

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