

11 April 2007

MAJOR NEW DRILLING PROGRAMME COMMENCES AT SCOTIA NICKEL PROJECT, WESTERN AUSTRALIA

KEY POINTS

- First stage of a planned multiple-stage drilling programme to evaluate and test for shallow extensions to the St Patricks nickel resource (135,000 tonnes @ 3.7% Ni for 5,000 tonnes of contained nickel).
- A scoping study will be carried out on the deposit concurrent with the drilling programme.
- Drilling will also evaluate extensions to the nearby St Andrews nickel prospect following recent positive results (2 metres @ 3.17% Ni and 7 metres @ 0.80% Ni).
- Key regional targets to be tested west of the St Andrews-St Patricks mineralised line.
- Pre-collars to be drilled in preparation for planned diamond holes targeting down-plunge extensions of the mineralisation at the historic Scotia Nickel Mine.

Breakaway Resources Limited (ASX: **BRW**) is pleased to advise that a major programme of Reverse Circulation (RC) drilling will commence shortly at its 100%-owned **Scotia Nickel Project** in Western Australia as part of a multi-pronged strategy to further evaluate key deposits and prospects within this strategic project area, including the St Patricks nickel resource, the St Andrews prospect, several regional prospects and depth extensions below the old Scotia Nickel Mine.

The Scotia Project, encompassing a 240km² tenement holding located in the strongly mineralised Kambalda-Mt Keith nickel corridor within the Eastern Goldfields, 65km north of Kalgoorlie (Figure 1), represents a priority exploration and potential development opportunity for Breakaway. The current phase of drilling is designed to fast-track the Scotia Project to a determination of its development potential.

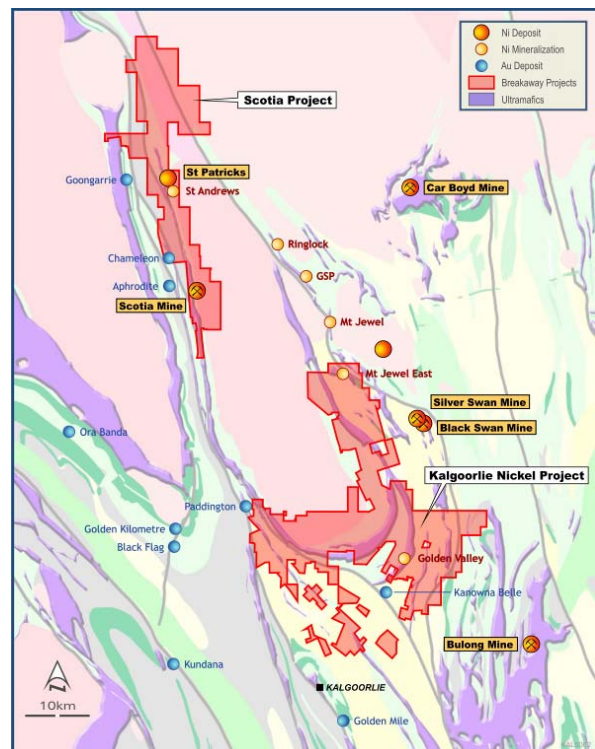


Figure 1. Kalgoorlie Geology and Location of the Scotia and Kalgoorlie Nickel Projects

Breakaway has secured a RC drilling rig to undertake the new drilling programme, commencing in the next few days, to evaluate four key areas on the Scotia Nickel Project, as outlined below.

St Patricks Nickel Deposit

St Patricks hosts a JORC compliant Inferred Resource of 135,000 tonnes at 3.7% nickel for approximately 5,000 tonnes of contained nickel (Figure 2 & 3). The in-ground value of this deposit at a nickel price of US\$40,000/tonne would be in the order of US\$200M (A\$250M at an exchange rate of US\$0.80), highlighting the importance of this deposit as a near-term development opportunity. St Patricks is located some 15km north of the Scotia nickel mine, which produced 14,700 tonnes of nickel at an average grade of 2.2% nickel before its closure in 1977.

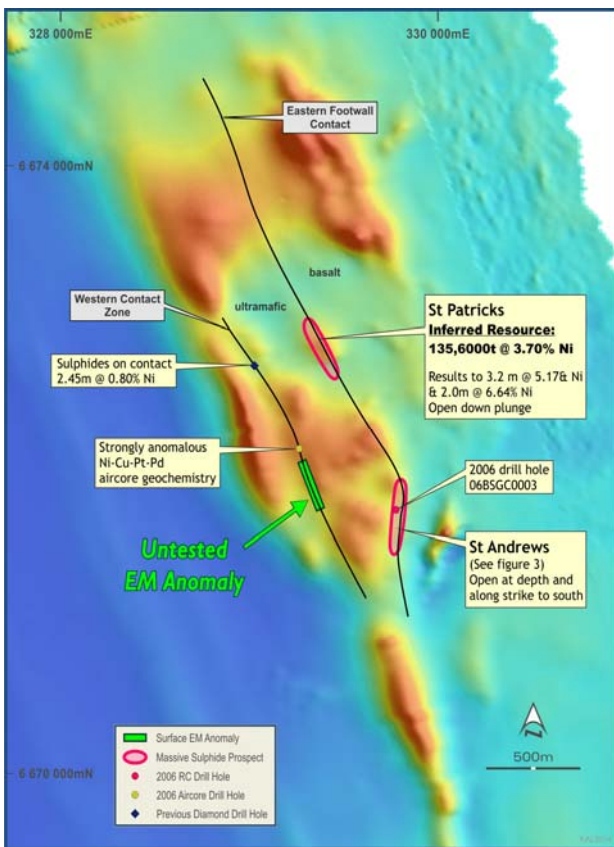


Figure 2. Plan showing St Patricks and St Andrews Prospects and Western Contact Targets

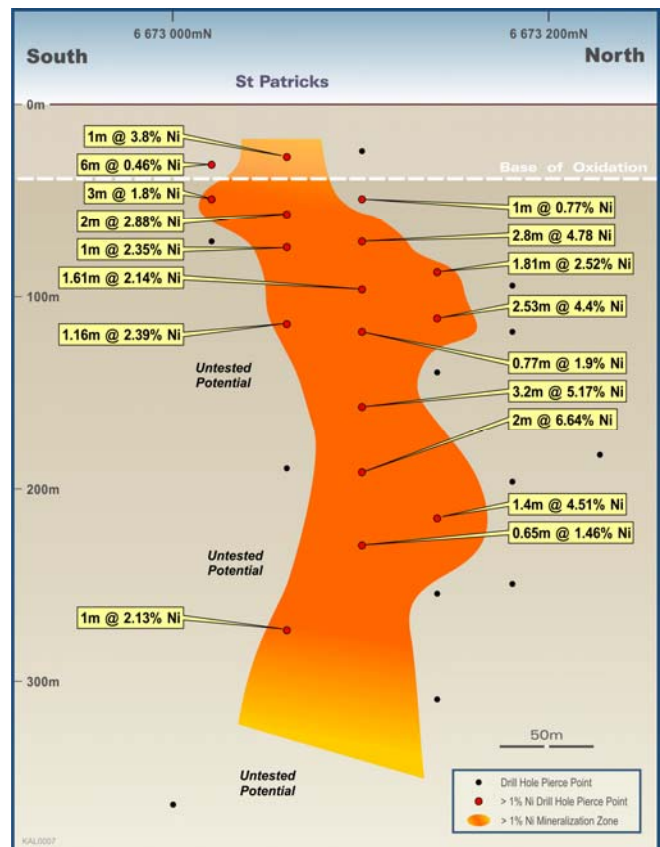


Figure 3. St Patricks Prospect Long Section



A staged evaluation and work programme has been planned to progress the St Patricks deposit towards development, comprising three main stages:

Stage 1

RC Drilling Programme: Planned to commence in the next few days, to more accurately define the upper limits of the deposit and test for near-surface extensions. Also, limited in-fill RC drilling of the upper portion of the deposit will be carried out. There is potential to discover extensions at depth, but this potential will be best evaluated by follow-up diamond drilling. Preliminary metallurgical testwork will be considered, depending on whether or not a suitable and representative sample can be obtained.

Scoping Study: Designed to provide an initial review of development options and the potential economics of a mining project. This study will be carried out concurrently with the RC drilling programme with completion scheduled by June 2007 or before, to justify Stage 2 drilling.

Stage 2

Resource Definition Drilling: Subject to positive results from the RC drilling programme and Scoping Study, Breakaway intends to move immediately to a Stage 2 programme of diamond drilling, commencing in June or possibly earlier – subject to availability of suitable drill rigs. This phase of drilling will in-fill the existing hole pattern, test for depth extensions and collect representative material for metallurgical testwork. It is envisaged that metallurgical testwork would be carried out to a standard required for a feasibility study. Detailed resource and financial studies would also be carried out incorporating the Stage 2 results.

Stage 3

Feasibility Stage: Contingent on a successful outcome of the Stage 2 work, the final stage of the programme would be to progress the St Patricks deposit to feasibility by completing hydrogeological, geotechnical, mining, environmental, heritage and engineering studies and obtaining all of the necessary governmental approvals to progress to mine development.

St Andrews Nickel Prospect

The forthcoming phase of RC drilling will also focus on the nearby **St Andrews** nickel prospect (Figure 2 & 4), where Breakaway last month announced positive initial results including **2 metres @ 3.17% nickel** from 171 metres and **7 metres @ 0.80% nickel** from 224 metres from RC holes drilled at the northern end of known mineralisation. These holes were drilled some 50 metres along strike to the north of historic nickel sulphide intersections including 3.35 metres @ 3.42% nickel and 5.71 metres @ 1.41% nickel.

The forthcoming programme will test for additional shallow extensions to the mineralised zone, which remains open at depth and along strike to the south, in-fill the large gaps within the existing drill coverage and test several shallower strong downhole EM anomalies.

Regional Targets

An untested surface TEM geophysical anomaly and a significant nickel-PGE target, 250 metres west of St Patricks and St Andrews, will also be tested during the forthcoming RC drilling programme. Also, a single hole which intersected 2.45 metres @ 0.80% nickel 500 metres north of the TEM anomaly will be further evaluated.

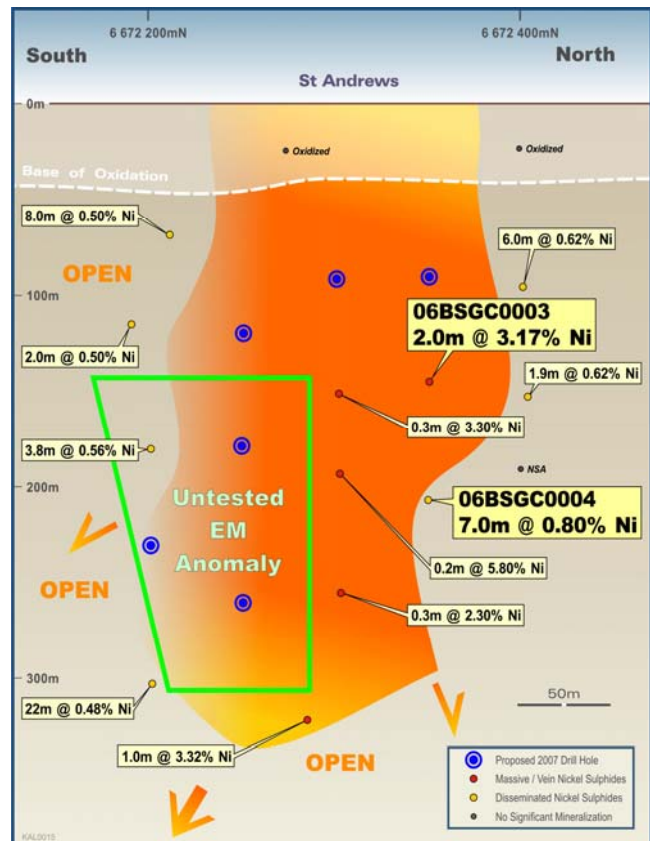


Figure 4. St Andrews Longitudinal Section with Recent Drill Hole Intersections

Scotia Mine

A programme comprising 6-8 RC pre-collars will be drilled at the Scotia Nickel Mine in preparation for a major programme of deeper diamond drilling, planned to commence in June, or earlier, targeting down-plunge extensions to the mine and a significant downhole EM conductor below the mine (Figure 5).

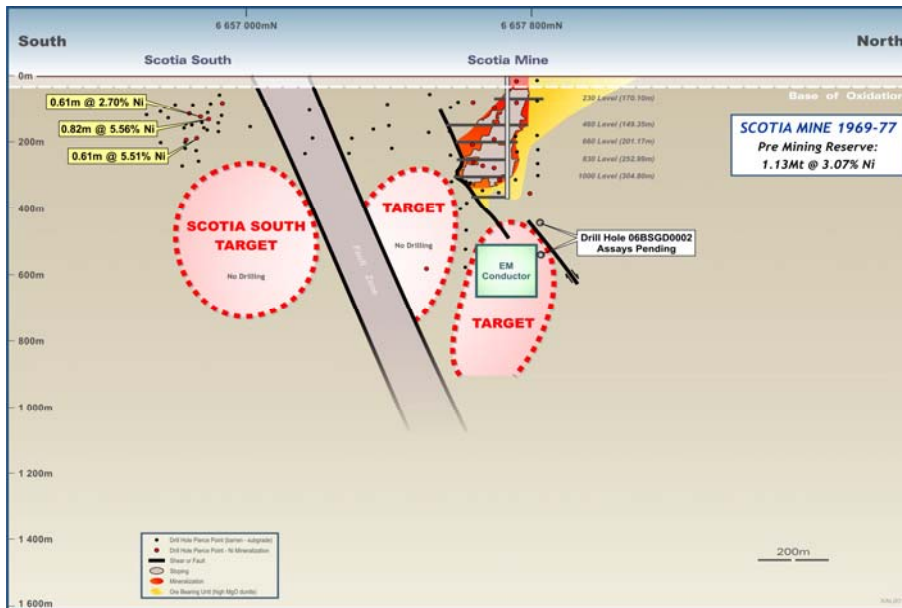


Figure 5. Scotia Nickel Mine and Targets

Breakaway's Managing Director, Mr Peter Buck, said "the forthcoming drilling programme was part of an accelerated strategy which highlighted the importance of the Scotia Project within the Company's portfolio and its potential to emerge rapidly as a short-term production opportunity". "Our strategy is to move quickly to test for extensions of the St Patricks nickel deposit, which represents an attractive development opportunity for Breakaway in the current strong nickel price environment" he said.

"We also plan to move quickly to test extensions of the St Andrews mineralisation and explore for potential new positions within the immediate St Patricks-St Andrews complex including the nearby Western Trend," Mr Buck said. "Scotia represents an exciting opportunity that offers excellent discovery potential similar to recent discoveries made elsewhere in the district. This overall programme signals the commencement of a much larger programme to vigorously assess the nickel assets of the Company and identify development opportunities."

ENDS



<p>For further information contact:</p> <p>Mr Peter Buck Managing Director Breakaway Resources Limited Mobile: 0411 554 099 Business: (08) 9278 6444</p>	<p>Mr David Hutton Exploration Manager Breakaway Resources Limited Mobile: 0417 974 843 Business: (08) 9278 6444 Mr Nick Castleden Manager Nickel Geology and Exploration Breakaway Resources Limited Mobile: 0408 701 845 Business: (08) 9278 6444</p>
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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.