



Nickel Drilling Commences at Wildara

- 7,500m RC drill programme underway testing multiple nickel sulphide targets.
- Targets directly along strike from world-class Leinster Nickel Deposit and the Sinclair Nickel Deposit.
- Strong news flow anticipated from major nickel programme over the coming months.

Australian nickel company Breakaway Resources Limited (ASX: BRW) is pleased to advise that a major new drilling programme commenced today at its highly prospective **Wildara Nickel Project Group** in the Leinster District of Western Australia's North Eastern Goldfields.

The 7,500 metre Reverse Circulation drilling programme marks a significant new phase of activity for Breakaway, which has repositioned following a strongly supported \$3.6 million rights issue that closed last week, increasing its cash resources to \$4.1 million.

"Breakaway is embarking upon one of the most active periods of drilling in its history, as the Company begins systematic testing of a series of advanced nickel prospects within its Wildara Project," commented Breakaway Chief Executive Officer, David Hutton.

"Shareholders and investors can look forward to strong news flow over the coming months as we ramp up exploration in this world-class nickel district," he continued. *"Many of the targets have not seen exploration for many years yet offer unparalleled opportunities for the discovery of new nickel sulphide mineralisation in close proximity to some of the world's largest and most productive nickel deposits."*

The Wildara Project Group lies 30 kilometres south east of Leinster and comprises the 100%-owned **Wildara** and **Mt Clifford** Projects, as well as the 81.27%-owned **Yillaree Project** with Breakaway's joint venture partner, Hampton Hill Mining (18.73%), contributing to expenditure on a pro rata basis.

Multiple targets will be tested by the drilling and include potential extensions to the previously discovered **Horn Nickel Sulphide Deposit** (JORC Code compliant Inferred Resource of 600,000 tonnes at 1.39% Ni and 0.30% Cu for 8,300 tonnes of contained nickel and 1,800 tonnes of contained copper) and several priority targets along strike from The Horn and within parallel ultramafic belts.

The Leinster District contains over 9Mt of nickel metal in major deposits such as Perseverance, Rocky's Reward, Mount Keith, Yakabindie (BHP Billiton), and Honeymoon Well (Norilsk), as well as the large Cosmos (Xstrata) camp and the nearby discoveries of Waterloo (Norilsk) and Sinclair (Xstrata) which have progressed to production.

Breakaway's landholdings (800 square kilometres, including the adjacent Miranda Project) within the Leinster District cover immediate strike extensions of the ultramafic rocks hosting these deposits and are directly comparable to the landholdings held by the major nickel producers (see Figure 1).

Wildara covers a multiple series of nickel-bearing ultramafic belts that in total extend over a strike distance of some 60 kilometres. The Project area contains a large number of exciting nickel exploration targets.

The targets selected for drill testing (see Figure 2) represent the three most highly ranked at this stage and ongoing evaluation of additional targets will continue in conjunction with the drilling.

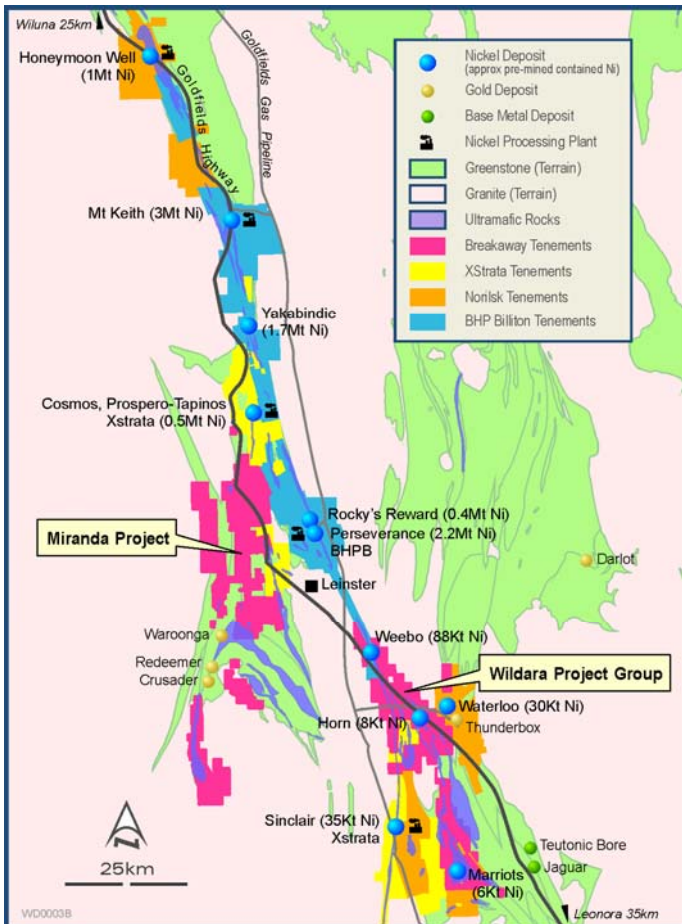


Figure 1: Comparative landholdings, Leinster District

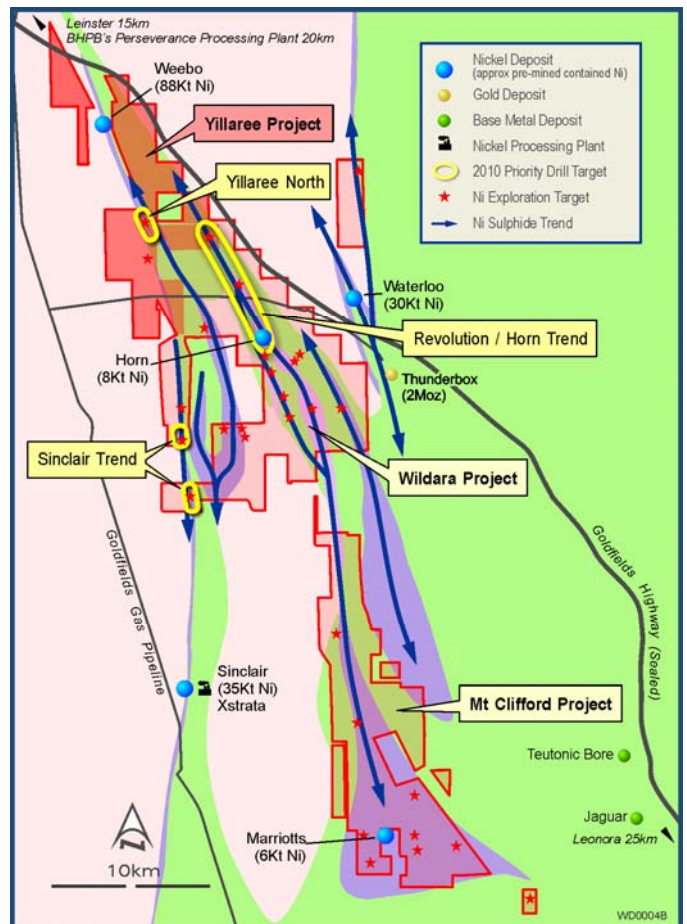


Figure 2: Wildara Project Group Priority Nickel Targets

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Competent Persons Statement:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr David Hutton (Chief Executive Officer and Exploration Manager), a full time employee of the Company. Mr Hutton is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has 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.