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POSITIVE TEM RESULTS INCREASE POTENTIAL FOR ADDITIONAL NICKEL AT THE HORN

Breakaway Resources Limited (ASX: **BRW**) is pleased to report further exploration success from **the Horn Nickel Sulphide Deposit** in Western Australia, with both new and historical TEM (transient electromagnetics) geophysical results indicating excellent **potential to substantially extend the deposit** beyond the currently defined strike extent of 350 metres for which an initial resource estimate is currently being prepared.

In conjunction with successful step-out drilling, which is currently extending the delineation of the extent of the Horn Deposit, surface and downhole TEM geophysics are being conducted to locate additional mineralisation immediately along strike of the deposit and in adjoining areas. TEM is delivering excellent results, confirming the potential to further increase the extent of known nickel mineralisation, including:

- **A new shallow surface TEM anomaly 800 metres north of the Horn Deposit** (Figure 1) – this anomaly has been located on two adjacent 200 metre-spaced lines, at a nominal depth of 170 metres, some 800 metres north along strike from the deposit. As a comparison, the geophysical characteristics of this anomaly are consistent with the response generated by the massive sulphides delineated at the Horn. The response has a southern plunge and any southern extensions to the source of the anomaly could extend beyond the interpreted boundary of the surface anomaly;
- **A downhole TEM anomaly at northern end of the Horn deposit** (Figure 2) – this conductor extends 50 metres north of the recent wide nickel intersection in hole 08BWDD0015 (**14.66 metres @ 1.95% Ni and 0.35% Cu** from 132.6 metres – announced on 27 March) and immediately east of hole 08BWDD019 (**1.5 metres of massive sulphides – assays awaited**). The location of this anomaly in relation to known mineralisation may indicate an additional zone of mineralisation which diverges away from the north-west trend for the deposit towards the north-east; and
- **Several new surface TEM anomalies 600 metres south of the Horn** – these anomalies, which have been interpreted from historical data, occur in an area that has not been drilled in the past (Figure 1) and are regarded as important targets in the light of recent exploration success at the Horn.



The TEM results confirm Breakaway's view that the significant nickel deposit being delineated at the Horn probably forms part of a much larger system of nickel sulphide mineralisation. Regionally, this system has been intersected by intermittent drilling at several locations over a total strike extent of 4 kilometres between the Horn Deposit itself and the Revolution Prospect to the north.

Intensive diamond drilling is continuing at the Horn, with the northern downhole TEM anomaly currently being tested. While additional step-out drilling is planned at 50 metre increments to test for continued northern extensions of the deposit, Breakaway regards the shallow surface TEM anomaly identified 800 metres to the north of the deposit as high priority drilling target.

This anomaly will be tested once the current hole on the deposit is completed. Drill testing of the southern TEM anomalies is also planned with the timing subject to the results from drilling the first two geophysical targets.

Commenting on the results, Breakaway's Managing Director, Peter Buck, said: "Exploration is making rapid progress at the Horn, where we are delineating a nickel deposit of some integrity for which an initial resource estimate is currently being prepared. The discovery confirms our view that this project has the potential to transform us from explorer to producer in a relatively short time frame".

"There is strong geological support for nickel sulphide mineralisation occurring over a large region and the new TEM geophysical results confirm that interpretation" Mr Buck continued. "Testing of these new anomalies, combined with further step-out drilling, has the potential to deliver a company-making discovery of high-tenor, high-grade nickel sulphides in addition to the extensive mineralisation we have already defined".

For further information contact:

Mr Peter Buck
Managing Director
Breakaway Resources Limited
Mobile: 0411 554 099
Business: (08) 9278 6444

Mr David Hutton
Exploration Manager
Breakaway Resources Limited
Mobile: 0417 974 843
Business: (08) 9278 6444

Nicholas Read
Read Corporate
Mobile: 0419 929 046
Business: (08) 9388 1474

Visit Breakaway's web site:
www.breakawayresources.com.au

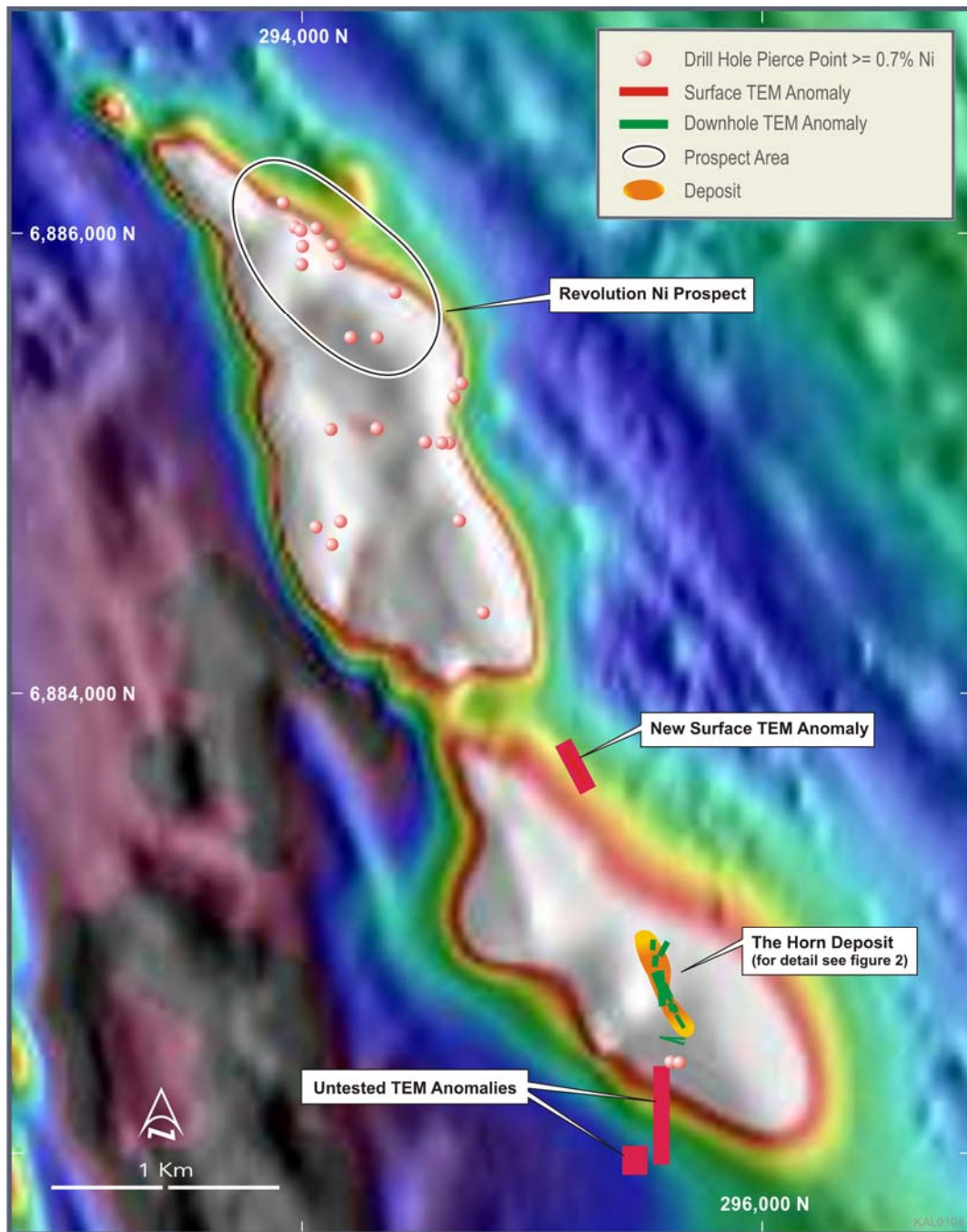


Figure 1: Regional Aeromagnetic Setting of the Horn Deposit and Revolution Prospect, with positions of Surface TEM and Downhole TEM Anomalies shown, Wildara Nickel Project

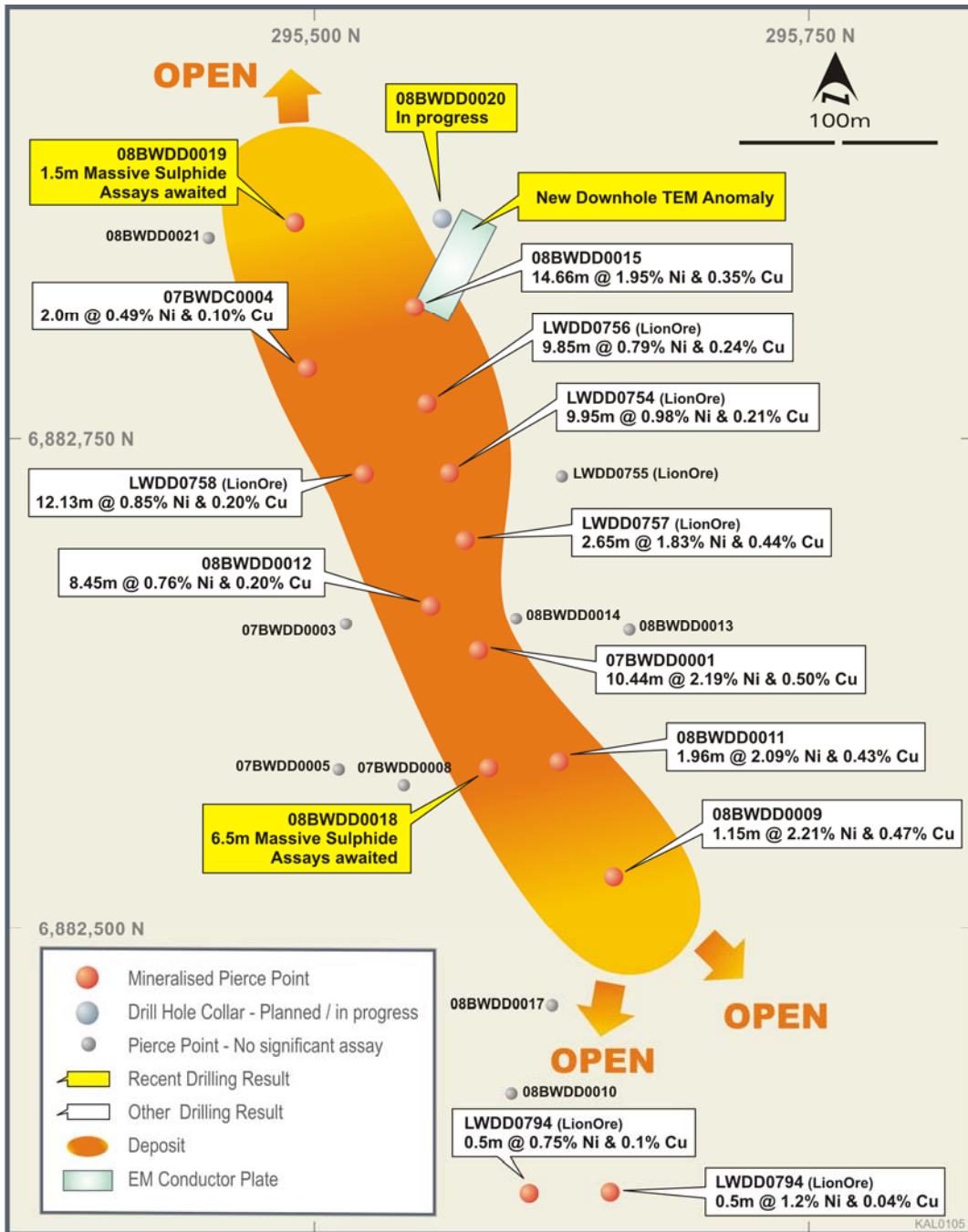


Figure 2: Plan Projection of Drillhole Intersections and Deposit Boundaries at the Horn, Wildara Nickel Project

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.

About The Horn Deposit:

The Horn Deposit is part of Breakaway's 100%-owned Wildara Nickel Project in Western Australia's Northeastern Goldfields (Figure 3). The Wildara Project tenements are located in the heart of one of world's most prolific nickel sulphide provinces, on the major Perseverance shear zone which hosts major deposits including Perseverance, Cosmos and Mt Keith to the north and Leinster to the south. To date, Breakaway has delineated a significant flat-plunging zone of medium-grade nickel sulphide mineralisation at The Horn over a 350 metre strike length, adding significant value to the original discovery by LionOre Mining International in 2004. Step-out drilling is continuing in parallel with an initial resource estimate and preliminary Scoping Study activities.

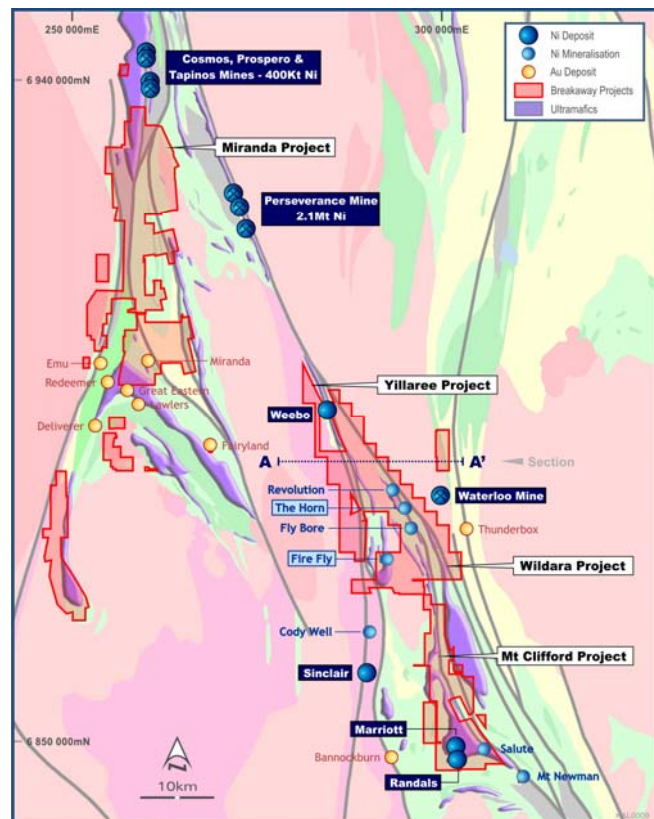


Figure 3: Wildara Nickel Project Location Plan