

18 December 2007

## FOLLOW-UP DRILLING AT WEST KAMBALDA CONFIRMS EXTENSIONS TO 1A MINERALISATION

### KEY POINTS

- Assay results received from second diamond drill hole at 1A Deposit, with a massive and disseminated sulphide intersection on Surface 2 of:
  - 6.6m @ 1.9% Ni including 0.8m @ 7.12% Ni
- 5.9m of disseminated and stringer/matrix sulphides intersected on Surface 1 in third diamond drill hole, currently underway, targeting a newly identified broad EM conductor at depth.
- Second off-hole TEM conductor identified in the first diamond drillhole, representing potential extensions of the Surface 2 mineralisation to the north.

Breakaway Resources Limited (ASX: **BRW**) is pleased to advise that further encouraging nickel assays have been received for follow-up drilling, to that originally announced to the ASX on 19 November 2007, at its 100%-owned **West Kambalda Nickel Project** in Western Australia (Figure 1). The results which are for the second hole, 07BKWD0002, confirm extensions to Surface 2 nickel mineralisation at the **1A nickel deposit** (Figures 2 and 3).

Hole, 07BKWD0002, which was drilled 100 metres down-dip of 07BKWD0001 (**intersected 5.6m @ 4.19% Ni from 146.4m on Surface 1 and 1.49m @ 7.32% Ni from 262.26m incl. 1.14m @ 9.65% Ni from 261.26m on Surface 2**), returned the following intercepts:

**Surface 2: 6.6m @ 1.90% Ni from 268.6m including 0.8m @ 7.12% Ni from 273.94m**

*Note: the individual assays in the intersections are not weighted by density measurements which are yet to be carried out and will potentially upgrade the overall averaged intersection grade slightly. Also the intersections are considered to be close to true width.*

Diamond drilling is continuing at 1A, with a third diamond drill hole, 07BKWD0005, currently being drilled approximately 50-75 metres down-dip of 07BKWD0002 (Figure 2).

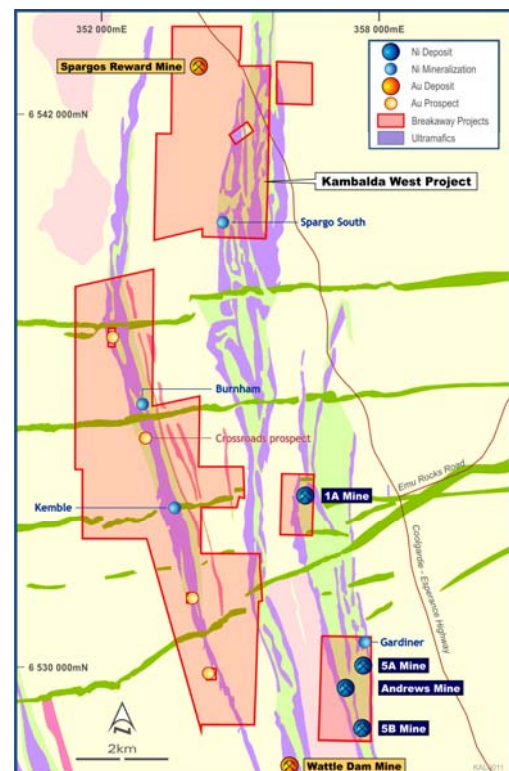


Figure 1: Location Plan



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Hole 07BKWD0005 is designed to test for extensions of Surfaces 1 and 2 mineralisation and the source of a deeper, broad off-hole TEM conductor detected down-dip of hole 07BKWD0002 in an area of no previous drilling. The target depth of the conductor is approximately 420 metres downhole in 07BKWD0005.

To date, hole 07BKWD0005 has intersected additional mineralisation on Surface 1 (Figure 3), down dip to that previously reported in the 07BKWD0001 and summarised as follows:

**Surface 1:                    5.5m of disseminated sulphides from 162.5m**  
**0.4m of stringer/matrix sulphides from 189.5m**

Assay results for these intersections are awaited.

A second off-hole TEM conductor has been identified to the north of 07BKWD0001 (Figure 2), corresponding to probable up-dip extensions of Surface 2 mineralisation intersected in this hole (1.49m @ 7.32% Ni from 262.26m incl. 1.14m @ 9.65% Ni from 261.26m).

Both TEM conductors represent priority exploration targets below the base of previous mining.

In addition to the drilling at 1A, two diamond drill holes (07BKWD0003 and 0004) were recently completed at the nearby 5A nickel deposit (Figure 4). Both of these holes confirmed the interpreted geological model for the deposit and intersected the prospective ultramafic unit. DHEM surveying of 07BKWD0003 detected a strong off-hole conductor which will be tested by follow-up drilling early next year.

Commenting on the latest results from West Kambalda, Breakaway's Managing Director, Mr Peter Buck, said: "Our exploration activities at West Kambalda are continuing to gather momentum, with follow-up drilling at 1A confirming significant extensions to the mineralisation on both parallel surfaces and potentially identifying a third surface at depth. The newly identified EM conductors represent exciting follow-up targets which will be tested early in the New Year".

"The success we have achieved to date reaffirms the effectiveness of our systematic approach to exploration, which will see us steadily build the scope of our activities at West Kambalda," he said.

"With 1A developing as an exciting new discovery for us, we have also confirmed our geological model for 5A and we are finalising our drilling strategy for the Andrews deposit, with drilling scheduled to recommence in the early part of 2008," Mr Buck continued. "West Kambalda is clearly shaping up as an important focus for our nickel exploration activities in the coming year."



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## ENDS

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

### 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.*

### 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 programmes within this portfolio, which covers a combined area of approximately 3,300km<sup>2</sup> 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 \$15.5 million. With a strong cash position in excess of \$16 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.

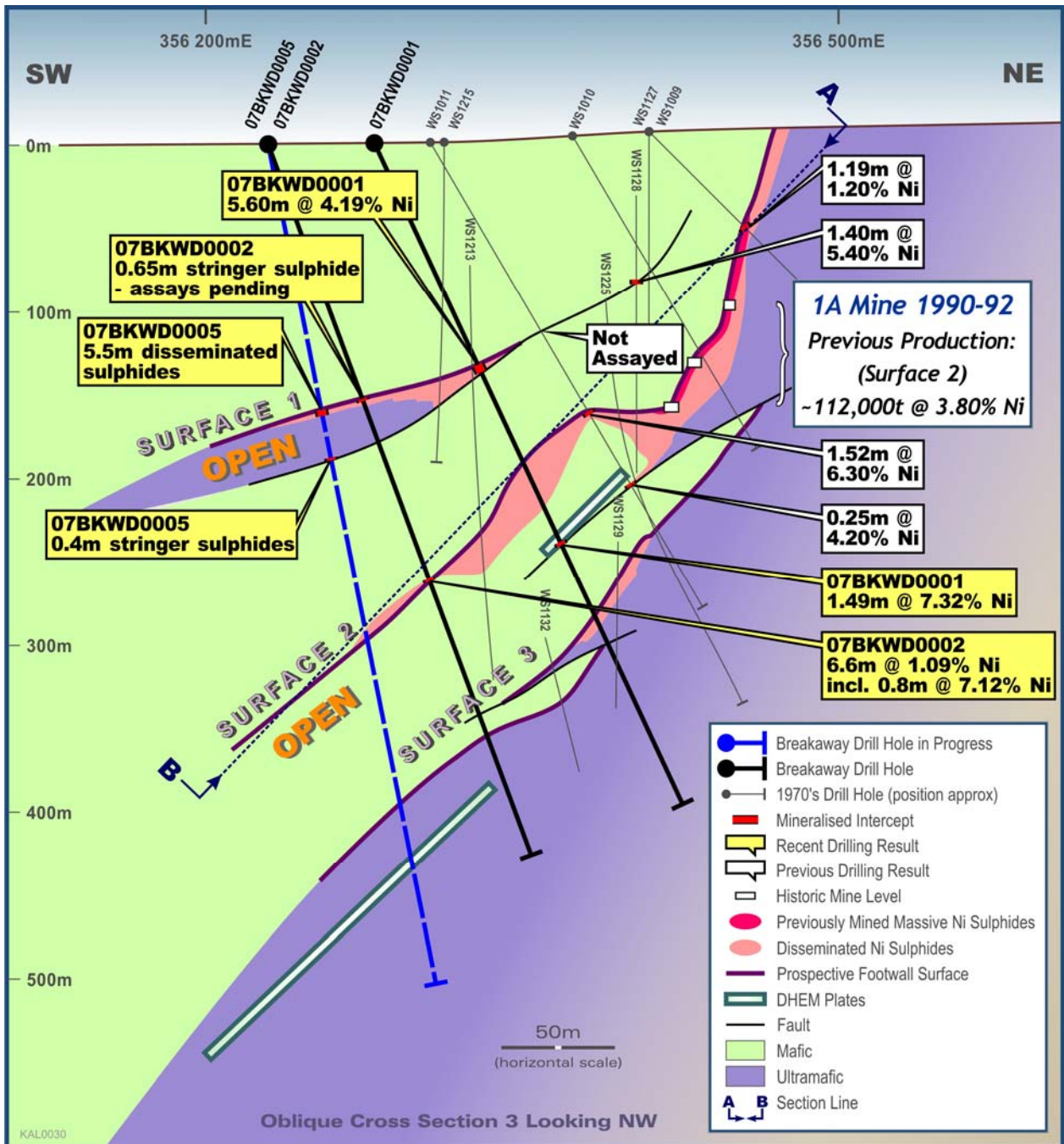


Figure 2: Cross Section, 1A Nickel Deposit, West Kambalda

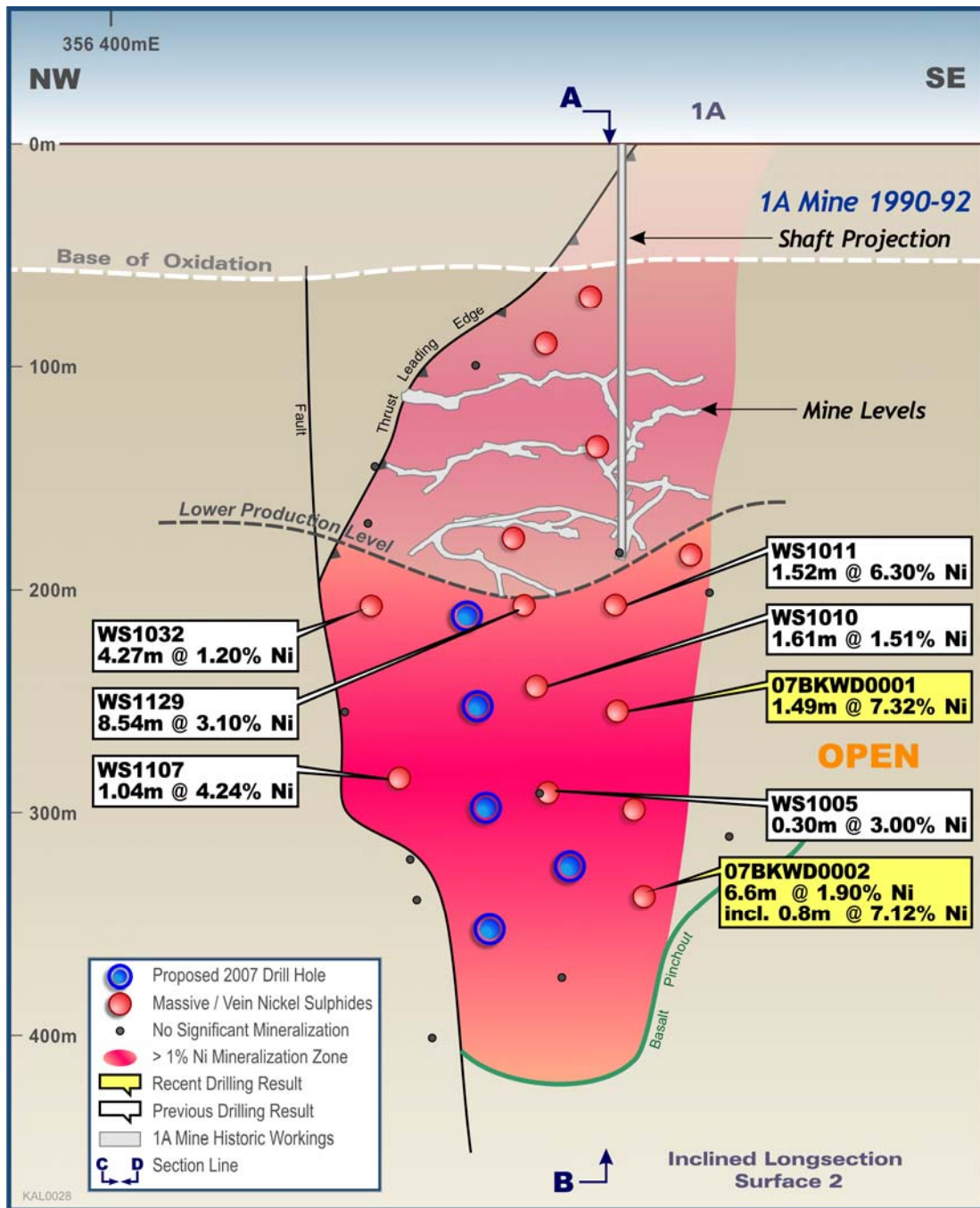


Figure 3: Longitudinal Section Surface 2, 1A Nickel Deposit, West Kambalda

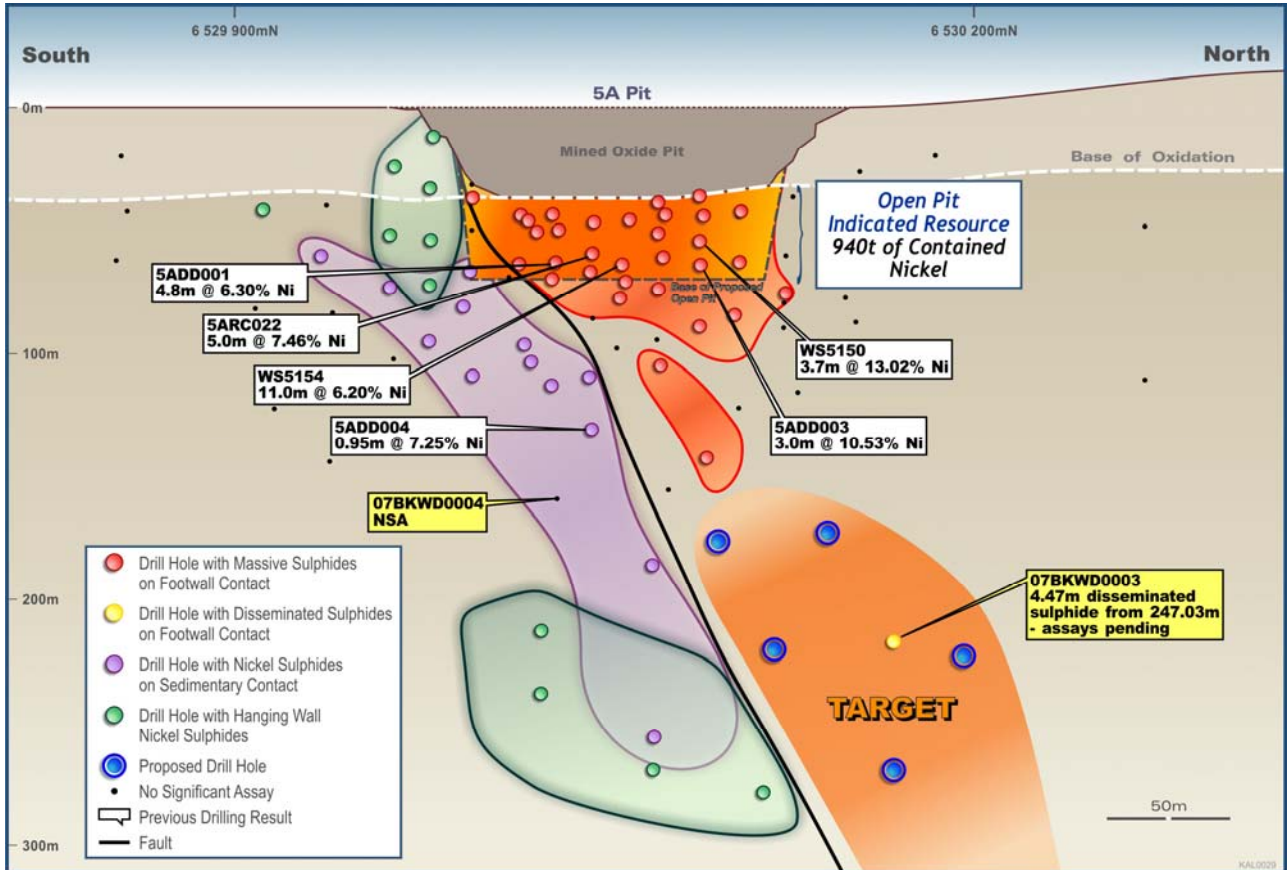


Figure 4: Longitudinal Section of the 5A Nickel Deposit, West Kambalda