



13 November 2007

DRILLING COMMENCES AT WEST KAMBALDA PROJECT

KEY POINTS

- **Diamond drilling underway targeting depth extensions of 1A and 5A Spargoville deposits.**
- **Several priority exploration targets identified from 3D modelling which has been completed at 1A and 5A and is continuing at Andrews.**

Breakaway Resources Limited (ASX: **BRW**) is pleased to advise that diamond drilling has now commenced at its 100%-owned **West Kambalda Nickel Project** within the historic Spargoville Nickel Camp, located 20 kilometres south-west of the town of Kambalda, Western Australia (Figure 1). The current programme is focused on exploring for depth extensions associated with the four previous mines (1A, 5A, 5B and Andrews), commencing on the 1A and 5A deposits.

Breakaway commenced a detailed investigation of these four deposits last Quarter, including the compilation and interpretation of historical mining and drilling information and construction of 3D models. This work has been completed for the 1A and 5A deposits and is currently in progress on the Andrews and 5B deposits. In addition to providing a clearer understanding of the geological settings of 1A and 5A, the modelling has identified a series of priority exploration targets for depth extensions associated with both deposits (Figures 2-4).

The Spargoville nickel deposits are estimated to have produced some 14,000 tonnes of nickel, principally during the 1970's and, to a lesser extent, the early 1990's. Protracted periods of low nickel prices over the last 30 years resulted in the mines terminating production at shallow levels, followed by only limited exploration drilling beneath previous production levels. Drilling ceased at depths varying from 30 metres below surface in the case of 5A and up to 340 metres below surface in the case of Andrews.

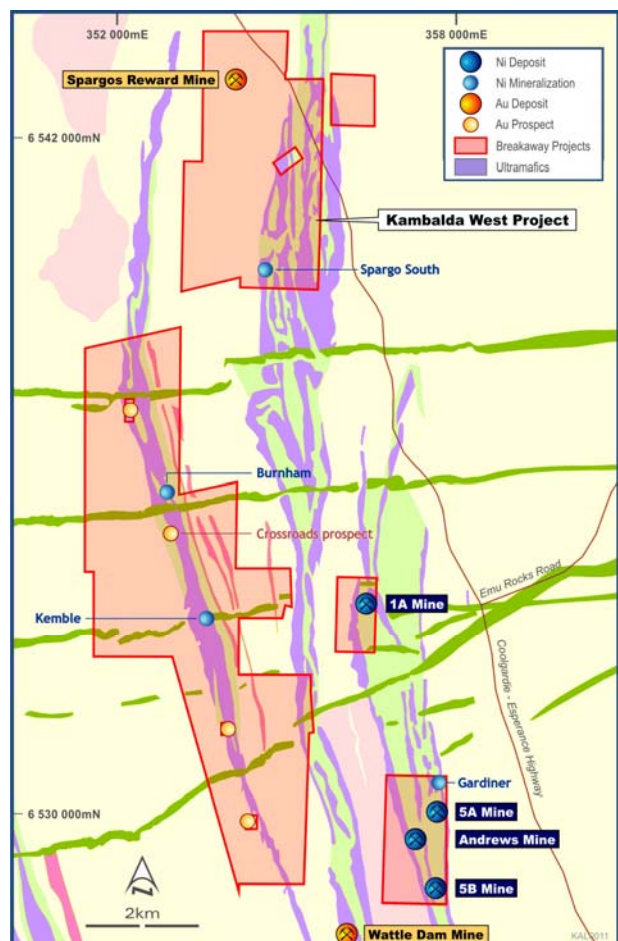


Figure 1: West Kambalda Location Plan



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While this historical drilling was very limited in nature, it did intersect nickel mineralisation – confirming the potential for extensions of the known deposits and providing attractive opportunities for follow up by modern exploration.

One diamond drill rig is currently operating at West Kambalda with drilling expected to cycle initially between the 1A and 5A deposits, which have excellent potential for new discoveries. The 1A deposit, which was last mined in the early 1990's, comprises a series of fault-controlled surfaces of massive, matrix and disseminated sulphides (Figure 2). An initial programme of seven drill holes will be undertaken to test the potential to discover additional surfaces of mineralisation beneath the deepest production level at about 240 vertical metres (Figures 2 & 3).

The review of the 5A deposit identified immediate near-surface drilling opportunities immediately beneath the shallow open pit, which was excavated in the early 1990's to mine the near-surface nickel oxide zone. An underlying supergene/primary nickel sulphide zone was outlined by historical drilling between 30-75 metres below surface and over a strike extent of approximately 120 metres, with nickel intersections ranging from 3-13 metres and grades ranging from 2.7-13.02% nickel (Figure 4). Prior drilling below this zone is both limited and wide spaced, offering excellent opportunities to explore for extensions.

The West Kambalda exploration programme will be expanded next year to include testing of exploration targets on the 5B and Andrews deposits. Andrews was the most significant producer in the region of an estimated 7,800 tonnes of nickel metal prior to its closure in 1979 due to low nickel prices. Breakaway previously estimated JORC compliant Inferred and Indicated Resources of 290,700 tonnes grading 2.07% nickel for 6,000 tonnes of contained nickel for the 5A and 5B deposits, with the former accounting for 1,000 tonnes of contained nickel. Snowden Mining Industry Consultants Pty Ltd has confirmed that the estimation procedures for the deposits conform to good industry standards.

Breakaway's Managing Director, Mr Peter Buck, said the commencement of drilling at West Kambalda opened up a second important exploration front for the Company within its Western Australian nickel portfolio.

"We will continue to expand our exploration effort in this region as additional drilling capacity becomes available," Mr Buck said. "The West Kambalda Project offers numerous exciting opportunities for new discoveries at depth in areas which have historically received minimal exploration attention – as evidenced by the successful track record of other companies in the Kambalda region in recent years".

"With exploration drilling continuing at Scotia to systematically follow up recent exploration results, we expect a steady flow of exploration results to continue through to the end of the year," he added.

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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 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 3,300km² 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.

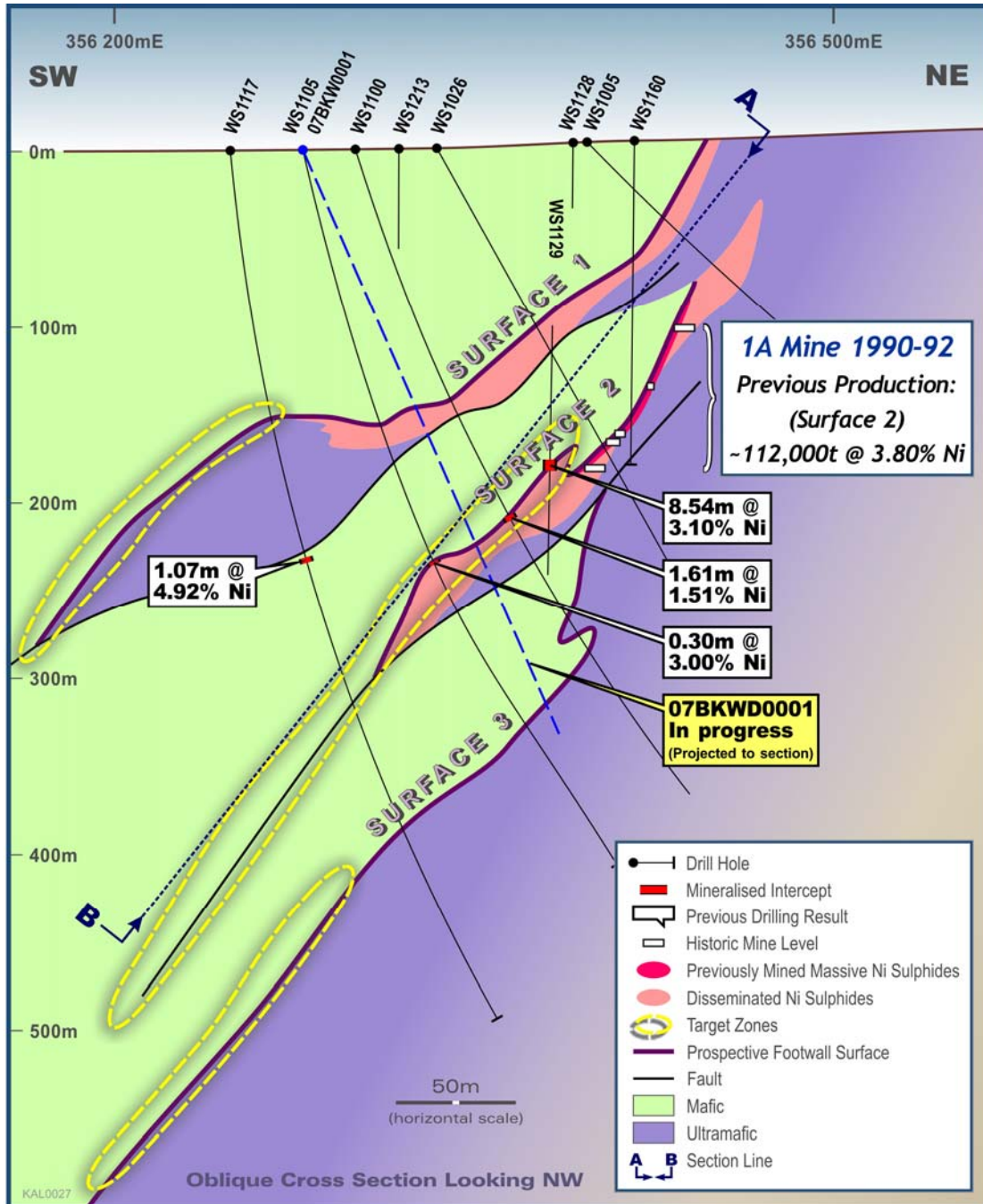


Figure 2: Cross Section through 1A Nickel Deposit, West Kambalda

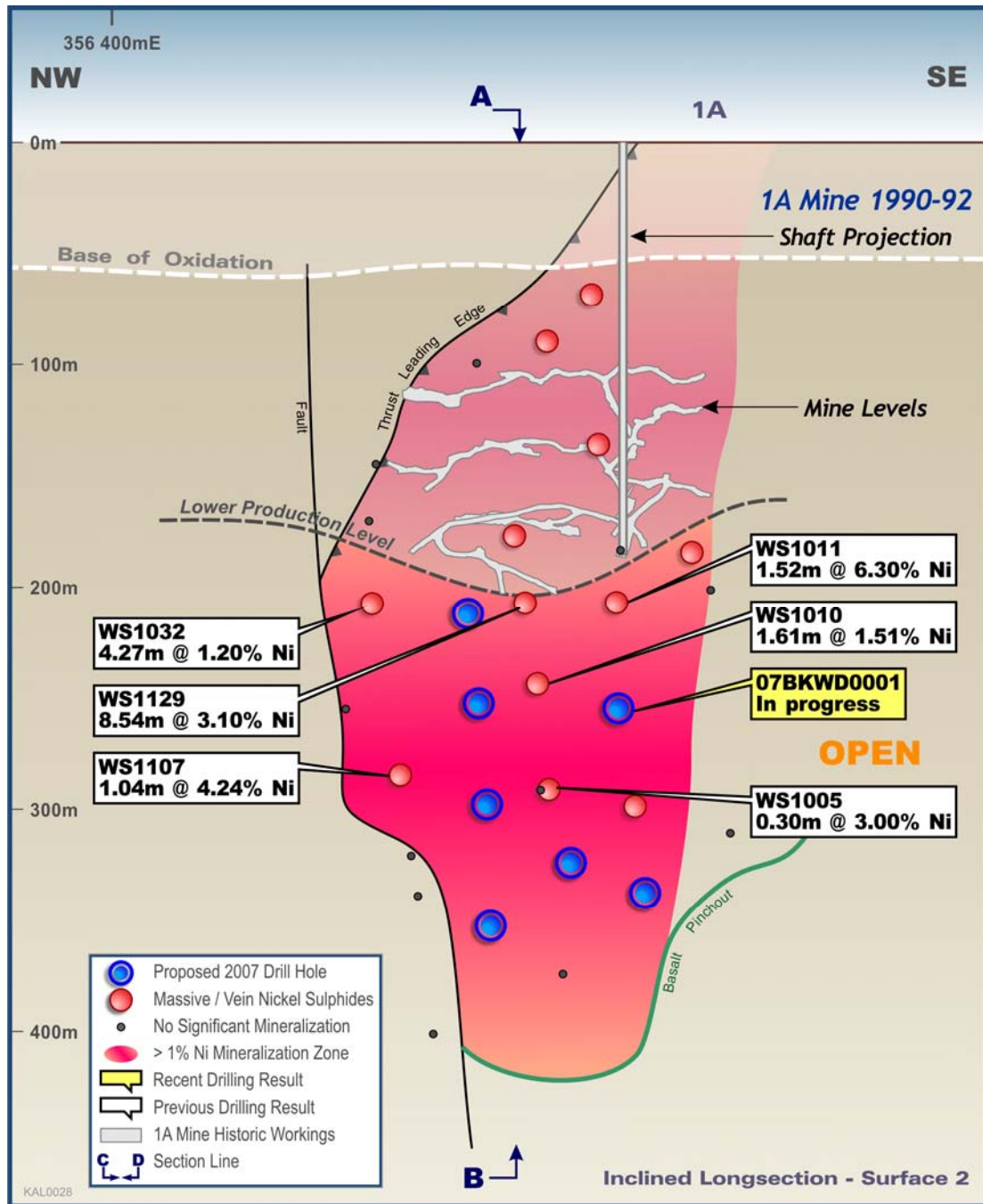


Figure 3: Inclined Longitudinal Projection of 1A Nickel Deposit, West Kambalda

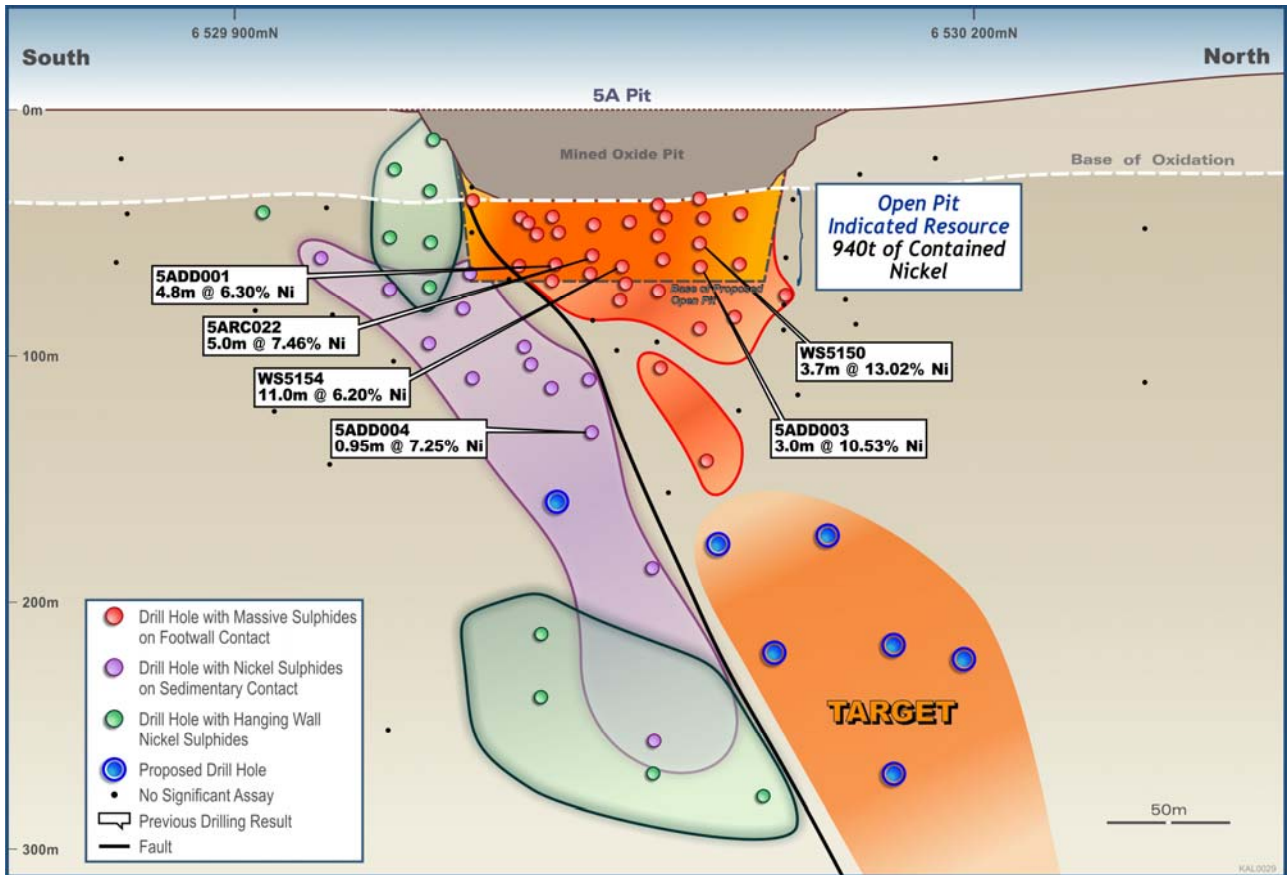


Figure 4: Longitudinal Projection of the 5A Nickel Deposit, West Kambalda