



breakaway

3 December 2008

## ELOISE COPPER MINE – MARKET UPDATE

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Breakaway Resources Limited (ASX: **BRW** – “Breakaway”) has been advised by FMR Investments Pty Ltd, (FMR) the owner of the Eloise Copper Mine in Queensland in which Breakaway holds a 30% net profit royalty interest, that a rock failure has occurred in a portion of the hangingwall of the Eloise Deeps shrink stope, which currently forms the major production source for the mine.

The failure has resulted in unplanned dilution of the ore being mined from the Eloise Deeps Block, which was accessed as part of the capital development program completed this year. The impact of the failure is not known at this stage and is currently being investigated by FMR to determine the most appropriate response in terms of ongoing mine management.

While this event does not have any implications for Breakaway in terms of capital or operating liabilities, the implications for future royalty earnings is less certain, particularly in conjunction with the prevailing low copper price and the uncertain outlook regarding the future price.

Breakaway has previously announced that it expects earnings from its 30% net profit interest to resume in the June 2009 Quarter, subject to the copper price, the Australian/US Dollar exchange rate and operating costs. However in the Chairman’s address to the Company’s AGM, held 28 November, the uncertainty as to the timing of the resumption of the royalty earnings was re-enforced given the prevailing uncertain economic situation. The Company will continue to monitor the situation closely and will keep the market informed on the results of the current investigation, which is expected to be concluded in the near future.

**ENDS**

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