

21 November 2007

CHAIRMAN'S ADDRESS ANNUAL GENERAL MEETING

Ladies and gentlemen, I am pleased to report that, during the 2007 financial year, Breakaway moved quickly to implement the key elements of its growth strategy as a leading Australian nickel and base metals exploration company.

Under the leadership of our Managing Director, Peter Buck, our exploration team moved quickly to recruit additional highly skilled and experienced personnel, and to establish all the required infrastructure and support to underpin a world-class exploration effort. In the current competitive environment in the mining industry, this in itself is no mean feat. We now have a very good highly motivated team in place.

We relocated to a new modern office headquarters in West Perth in December and we now have 17 full-time geological, technical, administrative and support staff in place – ably supported by a group of highly skilled contractors.

With our expanded asset base comprising more than 3,300km² of prospective tenements, one of our first objectives was to carry out a strategic review of our exploration portfolio in order to prioritise our projects. The Board and management worked together to complete this in March and as a result, we established two key operating fronts – base metals exploration in North Queensland at our 100%-owned Eloise Project (surrounding the producing Eloise Copper Mine where we hold a 30% net profit interest) and nickel sulphide exploration in Western Australia's Eastern and Northeastern Goldfields.

We quickly identified the Scotia and Kambalda West nickel projects in Western Australia and the Eloise Project in Queensland as near-term exploration opportunities with company-making potential.

Throughout the year and subsequently, your Company has been actively pursuing the implementation of the agreed plan. Major drilling programmes at the Scotia Nickel Project and the Altia lead-zinc-silver project at Eloise were commenced. Drilling was immediately successful at the Scotia Project, resulting in the discovery of a new zone of nickel sulphide mineralisation, termed the Western Contact Trend. Since that discovery there have been a number of further very encouraging results. Peter will expand on this in his address.

At West Kambalda, the Company initiated exploration activities with scoping reviews and independent geological assessments of the four known nickel deposits within our tenements, 1A, 5A, 5B and Andrews. This review has highlighted the significant potential to target extensions of these deposits, all of which remain open at depth and have only undergone limited drilling below depths of 100-350 metres.

While our focus remains on progressing our more advanced project opportunities, we are also advancing exploration on other prospective target areas including Mt Clifford-Wildara, which is located in the same region as major nickel discoveries such as Sinclair (Jubilee Mines) and Waterloo (Norilsk Nickel), Miranda (immediately south of the Cosmos-Prospero deposits) and the East Kimberley. Each of these areas has the potential to yield a significant discovery for the Company.

Fundamental to our strategy is a strong commitment to allocate sufficient resources to do justice to our projects. Our exploration expenditure for the half year to 30 June 2007 was \$7.1 million, and the Board has approved ongoing expenditure of \$10-12 million on exploration on an annualised basis.

Your Board remains committed to continuing our drilling programme over the next 12 months.

This strong exploration commitment – which really differentiates Breakaway in the current resources environment – is underpinned by our strong balance sheet, with free cash of \$18.4 million as at 30 June 2007 and \$16.4 million at 30 September 2007. As reported last year, our other asset, a 30% net profit interest in the producing Eloise Copper Mine in North Queensland, has also generated a significant income stream for the Company which has further strengthened our financial capacity. In the period between September 2005 and September 2006, the Eloise royalty generated a total of \$15.5 million in earnings for Breakaway.

As previously announced, additional investment expenditure means that further royalty payments are unlikely until later in the current financial year. We await further advice from FMR as to when the mine will return to profitability, but we are optimistic about the medium term future of this investment.

In conclusion, I am confident that, with a clearly defined strategy for advancing its projects, exploration activities gathering momentum on its two major operational fronts, and a high-quality team of people in place to drive its growth, Breakaway is set for a particularly active and rewarding period over the next 12 months.

During the year, the Board was expanded and restructured with the appointment of senior Australian mining executive, Mr Jeffrey Gresham, as a Non-Executive Director in October, as reported in last year's Annual Report, and my own appointment as Non-Executive Chairman in November, taking over from Mr Jon Young.

My appointment as Chairman effectively completed a board restructure overseen by Mr Young which was designed to expand the Board's skills base and provide a greater level of independence in line with current corporate governance guidelines and ASX Best Practice Recommendations. Mr Young, together with Non-Executive Director Mr Garry Connell, remain on the Breakaway Board as valuable contributors to the Company's strategic direction.

We recently appointed our Financial Controller, Trevor Hart as Joint Company Secretary, as part of an agreed transition plan that will allow Mr Grant Mooney to resign in the short term. I therefore take this opportunity to thank you Grant for your assistance during your time as Company Secretary. It is greatly appreciated. Grant has kindly agreed to remain available to the Company to consult on an as needs basis.

I would also like to take this opportunity to thank my fellow Directors and the outstanding team of individuals, employees and consultants who make up the Breakaway team and who represent the lifeblood of the Company and are very ably led by our Managing Director Peter Buck, whose experience and commitment is invaluable and greatly appreciated by all at Breakaway. It is a pleasure to work with this team.

Having experienced at first hand over the past 12 months the energy, enthusiasm and commitment within the Company, I have little doubt that Breakaway is very well placed to achieve success.



John Atkins
Chairman

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