



breakaway



Breakaway Annual General Meeting – 28 November 08

Presentation by Peter Buck, Managing Director

# Disclaimer



*Certain oral and written statements contained or incorporated by reference in this presentation, including information as to the future financial or operating performance of the Company and its projects, constitute forward-looking statements. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intend", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements.*

*Forward-looking statements include, among other things, statements regarding targets, estimates and assumptions in respect of nickel or other metal production and prices, operating costs and results, capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery rates. Forward-looking statements are necessarily based upon a number of estimates and assumptions related to future business, economic, market, political, social and other conditions that, while considered reasonable by the Company, are inherently subject to significant uncertainties and contingencies. Many known and unknown factors could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such factors include, but are not limited to: competition; mineral prices; ability to meet additional funding requirements; exploration, development and operating risks; uninsurable risks; uncertainties inherent in ore reserve and resource estimates; dependence on third party smelting facilities; factors associated with foreign operations and related regulatory risks; environmental regulation and liability; currency risks; effects of inflation on results of operations; factors relating to title to properties; native title and aboriginal heritage issues; dependence on key personnel; and share price volatility and also include unanticipated and unusual events, many of which are beyond the Company's ability to control or predict.*

*For further information, please see the Company's most recent annual financial statement, a copy of which can be obtained from the Company on request or at the Company's website: [www.breakawayresources.com.au](http://www.breakawayresources.com.au). The Company disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. All forward-looking statements made in this presentation are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and, accordingly, not to put undue reliance on such statements.*

*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.*

# Uniquely Positioned Australian Ni Exploration Company: Progressing/assessing discoveries for development

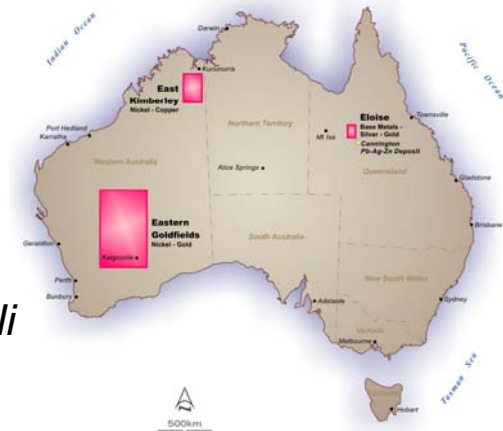


## Key Points

- Exceptional brownfields Ni and base metal assets following acquisition of LionOre (Norilsk) WA nickel projects in late 2006
- Experienced committed Management and team with discovery track record
- 30% Net Profit Royalty Interest in high grade Eloise Cu Mine
- \$5.9M in cash and receivables 30 September 2008

## Achievements

- Several discovery successes in 2007-08:
  - *The Horn: Delineated 0.6Mt @ 1.4% Ni for 8,330t contained Ni*
  - *1A Mine and Andrews Mine extensions confirmed*
  - *Altia Pb – Ag deposit in Cloncurry area Qld*



## Future Focus

- To be directed at its large Ni holdings and pipeline of opportunities in the NE Goldfields Ni District, WA which hosts large deposits and has excellent infrastructure

# Executive Summary



## Capital Structure

**Shares on issue:** 179.4 million

**Share price:** **A\$0.74 to A\$0.06**  
(Dec 07 to Nov 08)

**Market Cap:** A\$125.3 – 11M  
*(Excludes Norilsk's (LionOre's) \$9 million converting notes)*

**Options on issue:** 7.1 million

**Major shareholders:**

Norilsk	18.6%
FMR	10.3%
Abbotsleigh P/L	5.6%

**Converting Notes:** \$9 million 5 year term

Conversion at \$0.40/share

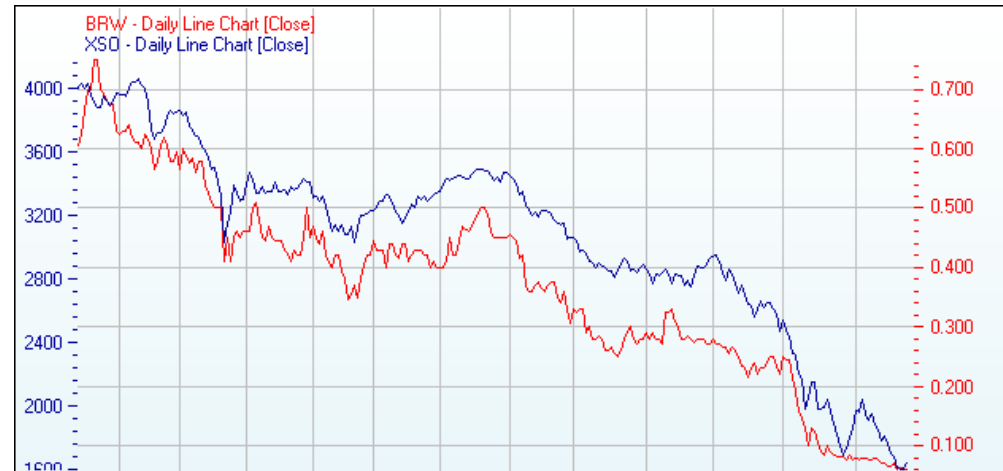
No coupon and redeemable by BRW

## Lonsec Valuation May 2008

<b>EV</b>	<b>142.8</b>
<b>Cash (A\$M)</b>	<b>9.9</b>
<b>Total</b>	<b>152.7</b>
<b>Cents / share</b>	<b>0.90</b>



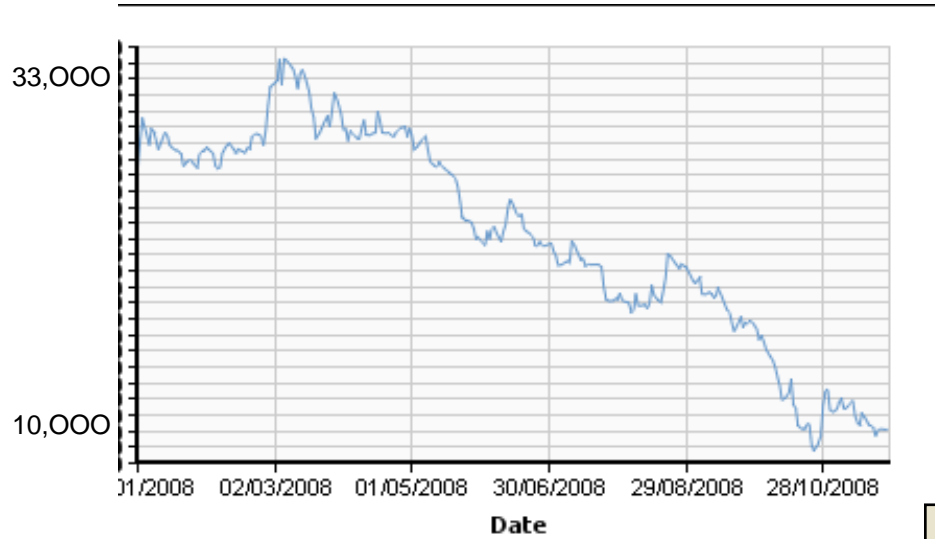
## Comparison BRW price vs Small Cap Ordinaries



# Share Ni Price Movements Jan - Nov 2008



## US\$ Nickel Price Mov't -70%

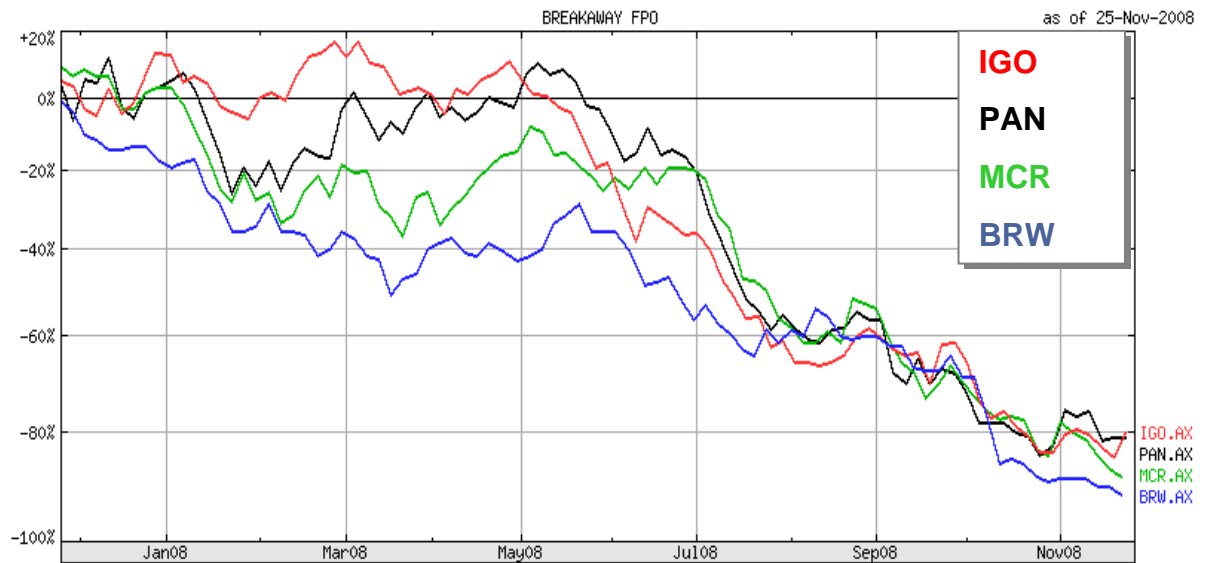


**Despite the market fall the Company acknowledges and appreciates the support of the majority of its shareholders in very challenging times**

## Comparison BRW and Mid-Cp Ni Producers

### Management Measures

- Reduced staff to core Ni team
- Reducing projects and o'head costs to focus on core Ni Projects
- Reductions in salaries up to 30%
- Seeking deals on non-Ni projects
- Overheads reduced
- Keep exploring in the tough times and prepare for the good times



# A Sound Business Model: Organic Growth based on Ni Sulphide Discoveries



## Underlying Principles

### 1. The Opportunity of Strategic Location: Cost of discovery < corporate acquisition

#### Cost/lb Ni

##### (a) Exploration Discovery + Delineation

(Examples: Jubilee, LionOre, Breakaway)

<\$0.30/lb

##### (b) Corporate Acquisition

Australian Examples

> \$3.00/lb

*Acquisitions common when costs are highest and after the lower cost highest NPV portions of deposits have already been mined*

### 2. In Australia developing a nickel business on sulphides is commercially more attractive and lower risk than laterites:

#### Sulphides:

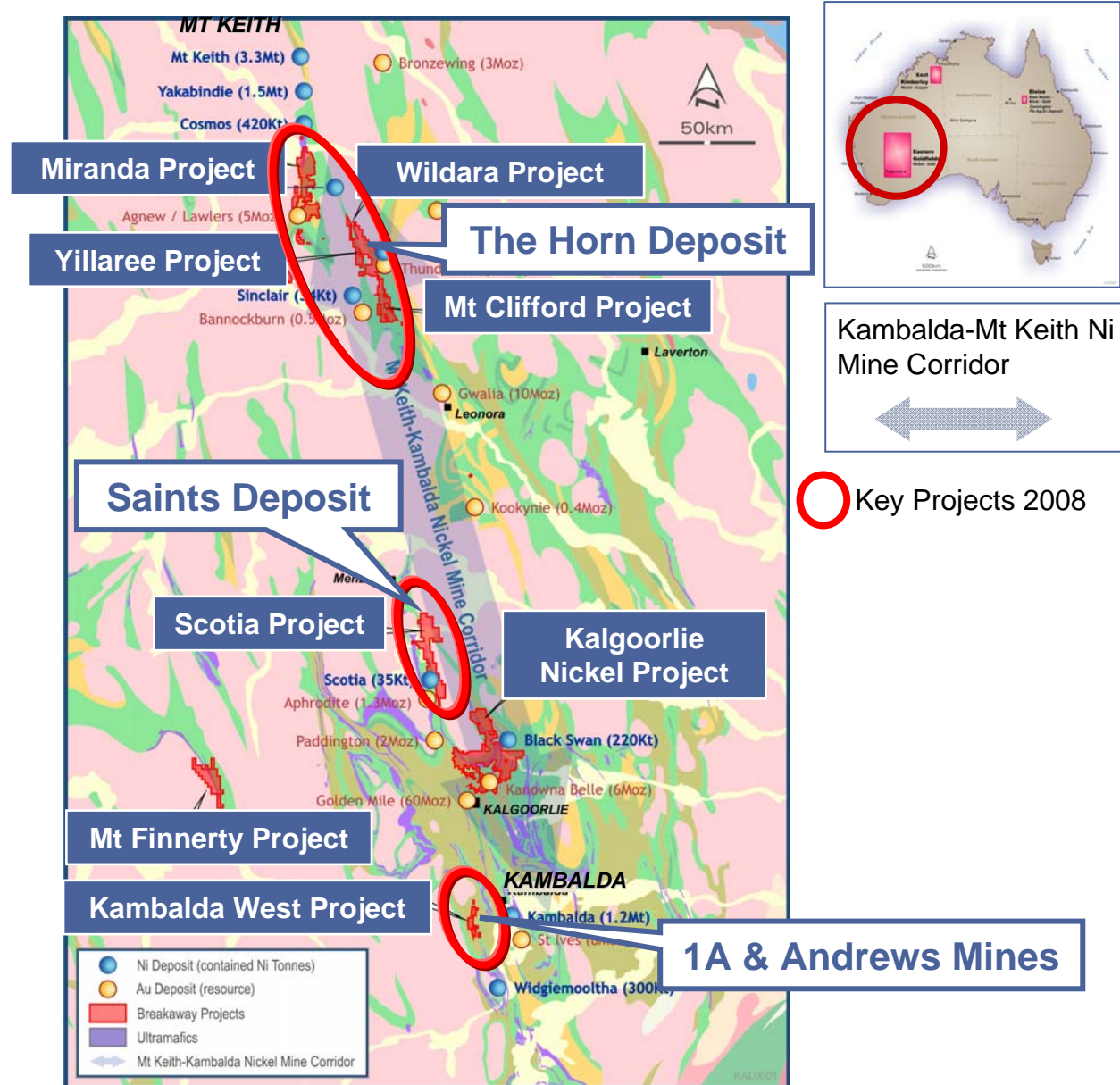
- a) **Higher grade/value/tonne:** This is particularly the case in Australia which has some of the lowest grade, metallurgically challenging laterites in the world
- b) **Lower capex and shorter lead times**
- c) **Lower operating costs**

### 3. Breakaway's portfolio has numerous deposits and new discovery opportunities

# Prime NiS Assets in Premier Ni District, WA



- Strong strategic position adjacent to Majors
- One of largest brownfields holdings of 1300 km<sup>2</sup> with known deposits/previous mines
- Exploration potential widely untapped due to low nickel prices over 25 years



# Horn Deposit: Plan Projection



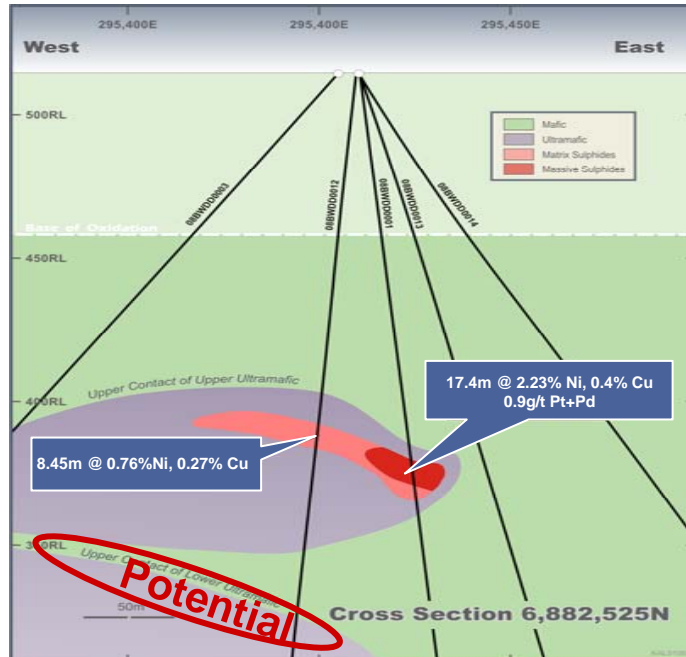
## Inferred Resource:

Overall 600kt @1.42% Ni for 8,600t Ni

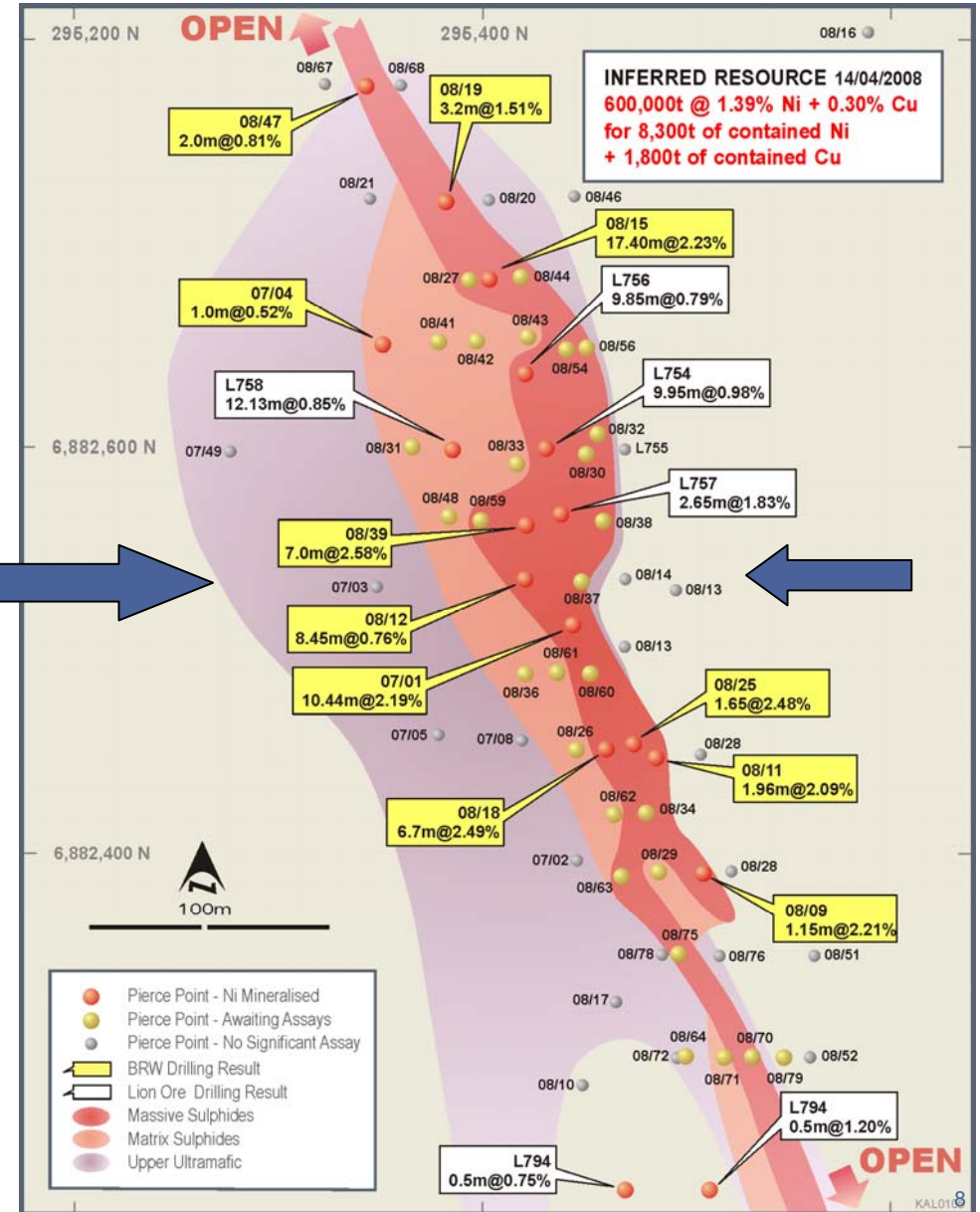
## Features:

- Length >500m
- Up to 15m thick
- Continuous and open along plunge
- Apparent internal integrity
- Potential to discover additional positions

Cross Section



Plan Projection



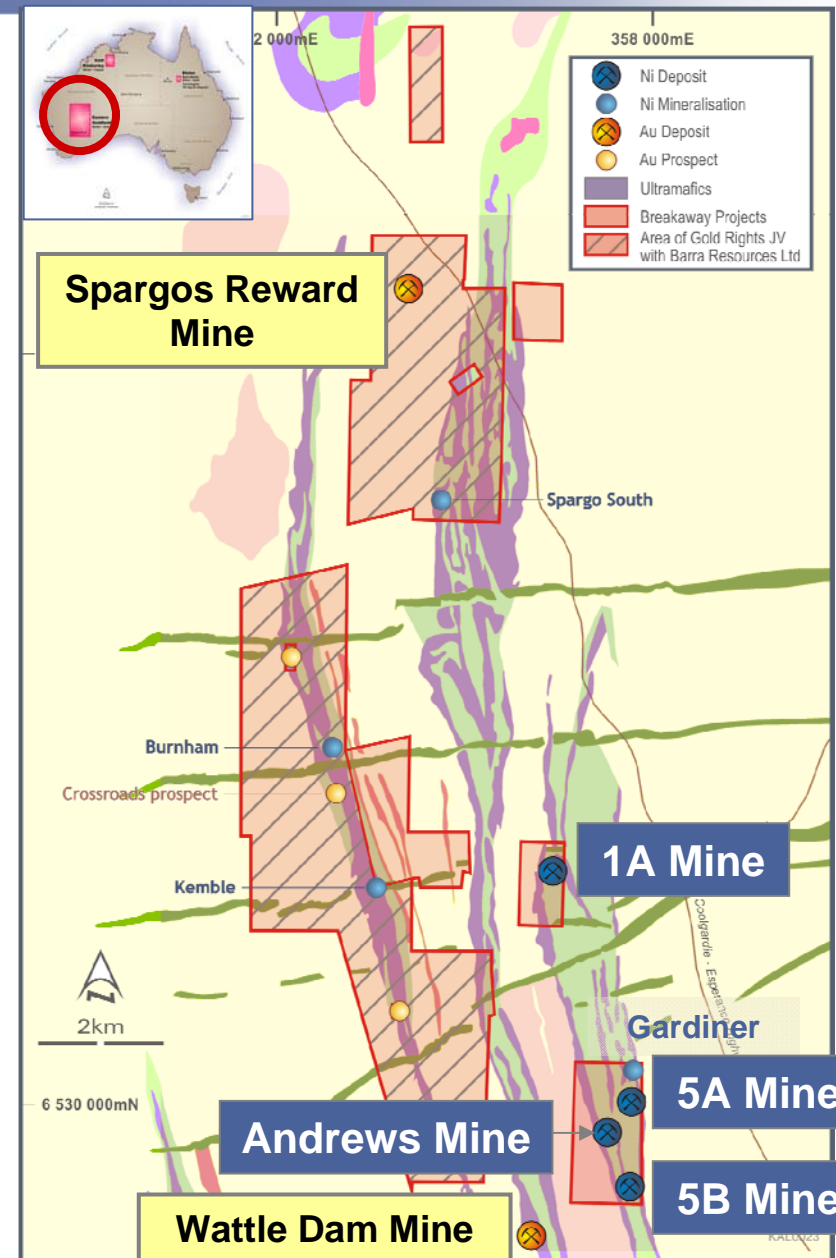


# Kambalda West Project: Ni Mines with More Life



## Positives:

- 20km SW of Kambalda Ni Complex – excellent infrastructure nearby
- Four historic producers - 14,000t of nickel in ore to 1993
- All mines finished at shallow depths due to low Ni prices and insufficient development
- Located on approved mining leases
- High tenor Ni is a feature
- **BRW's 2008 drilling confirmed extensions below 1A and Andrews Mines**
- **Evaluating results and options to advance project including partnerships**

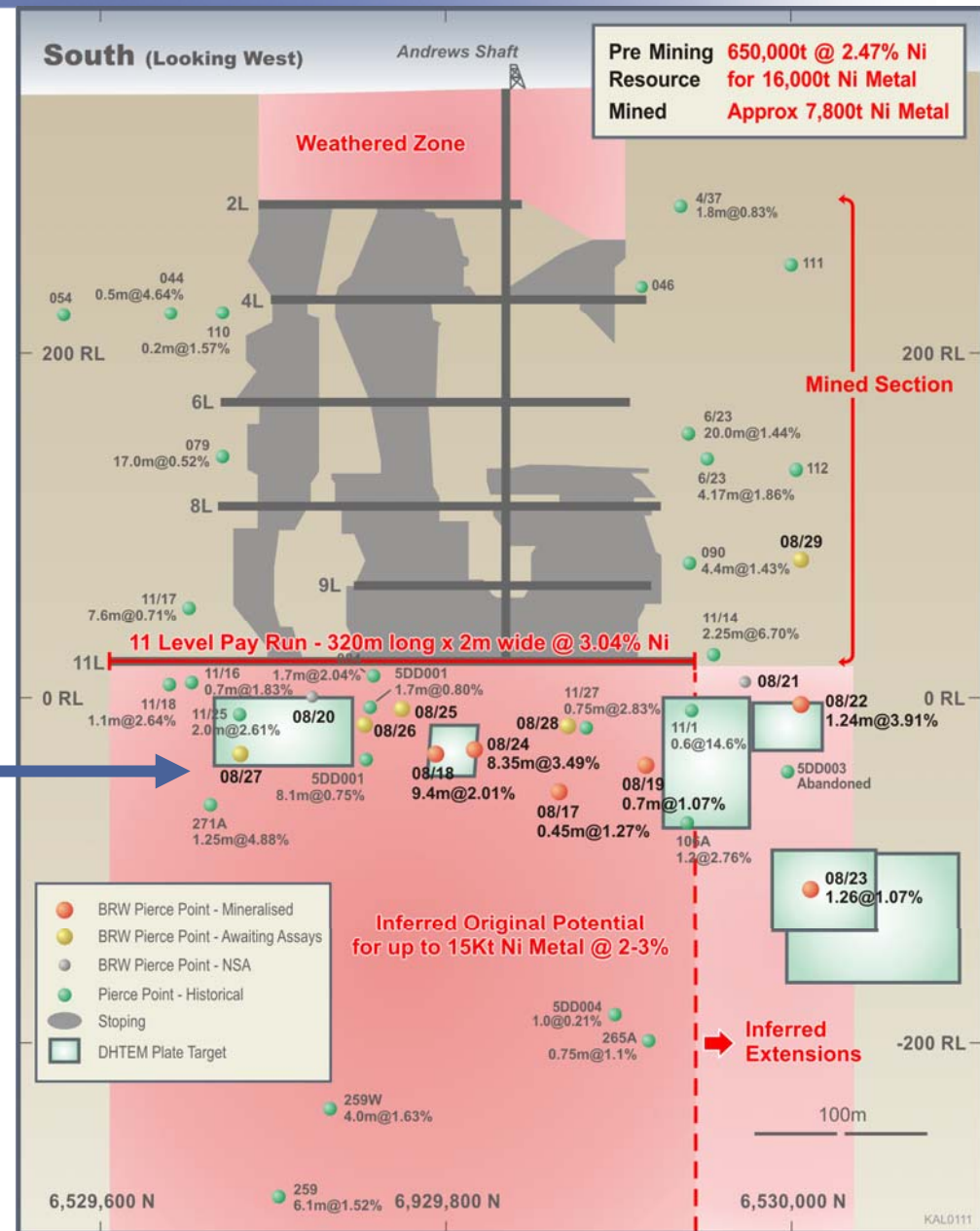




# Andrews Deposit: New Extensions, An Opportunity



- Recent drilling clearly confirms depth extensions below lowest level of previous mining
- To progress opportunity further best achieved from underground

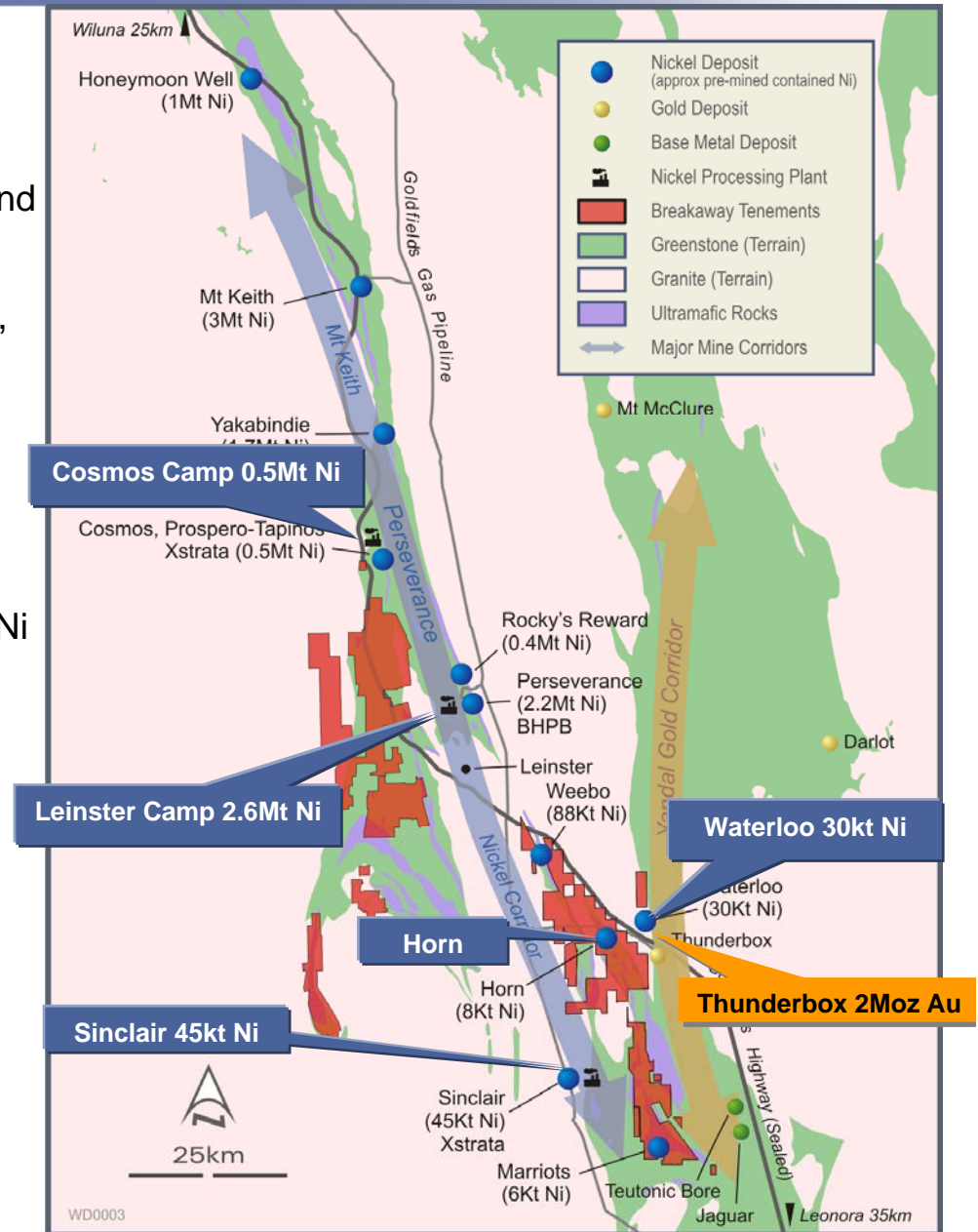


# Future Focus NE Goldfields: Large Strategic Position



## Premier Ni District

- Strong holdings adjacent to Xstrata and BHPB
- Located at confluence of Australia's foremost Ni trend (9M tonnes in ground Ni) and Yandal Au corridor
- Excellent infrastructure: 3 processing plants (BHPB, Xstrata), sealed roads, gas, rail etc
- In last 10 years – major new discoveries Cosmos camp, Sinclair and Waterloo
- Horn discovered in 2008
- BRW's tenements poorly explored but widely have Ni



# Future Focus NE Goldfields: Large Strategic Position

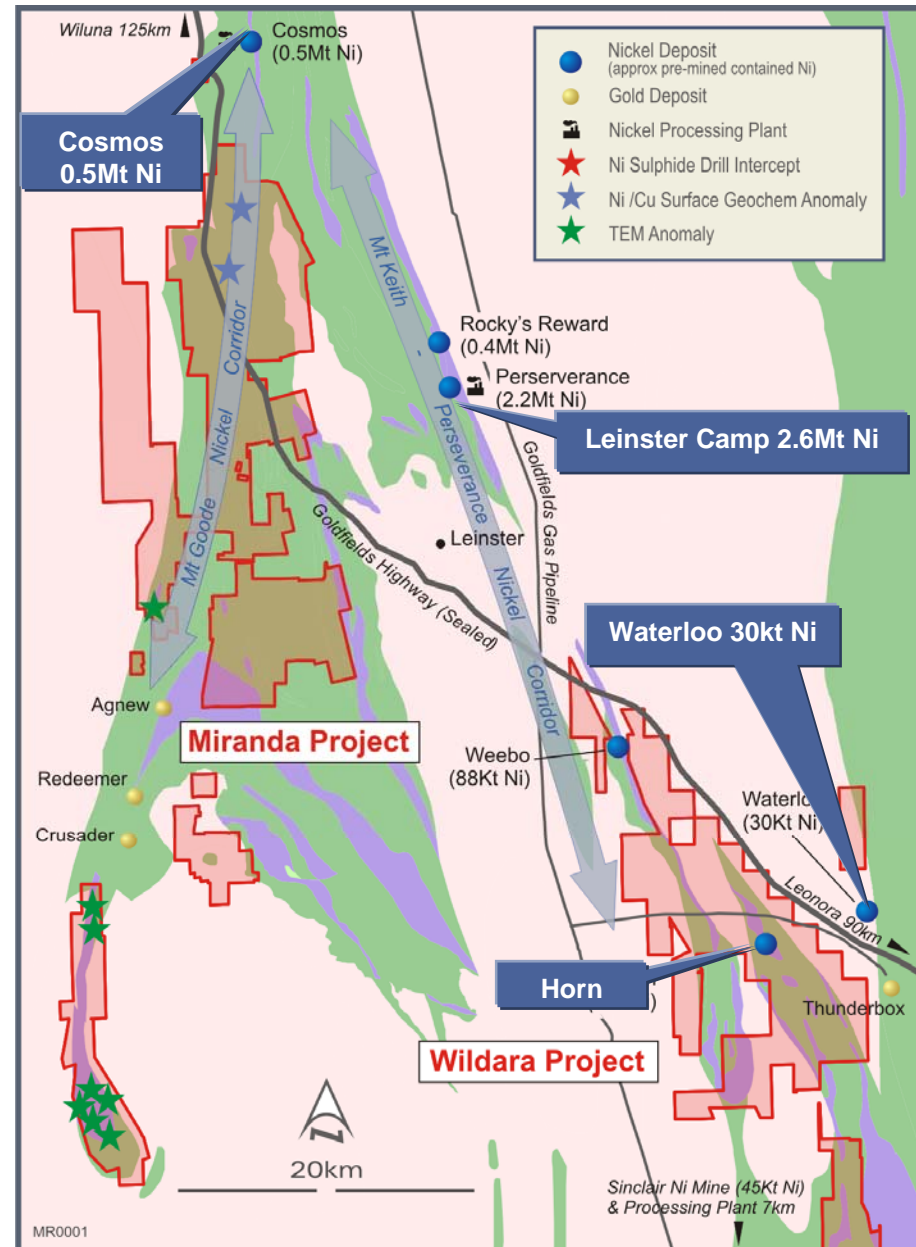


## Premier Ni District

- Strong holdings adjacent to Xstrata and BHPB
- Located at confluence of Australia's foremost Ni trend (9M tonnes in ground Ni) and Yandal Au corridor
- Excellent infrastructure: 3 processing plants (BHPB, Xstrata), sealed roads, gas, rail etc
- In last 10 years – major new discoveries Cosmos camp, Sinclair and Waterloo
- Horn discovered in 2008
- BRW's tenements poorly explored but widely have Ni

## Miranda

- Southern extensions of Cosmos Ni Camp
- Not explored for Ni since early 1970's
- TEM Targets located in favourable rocks

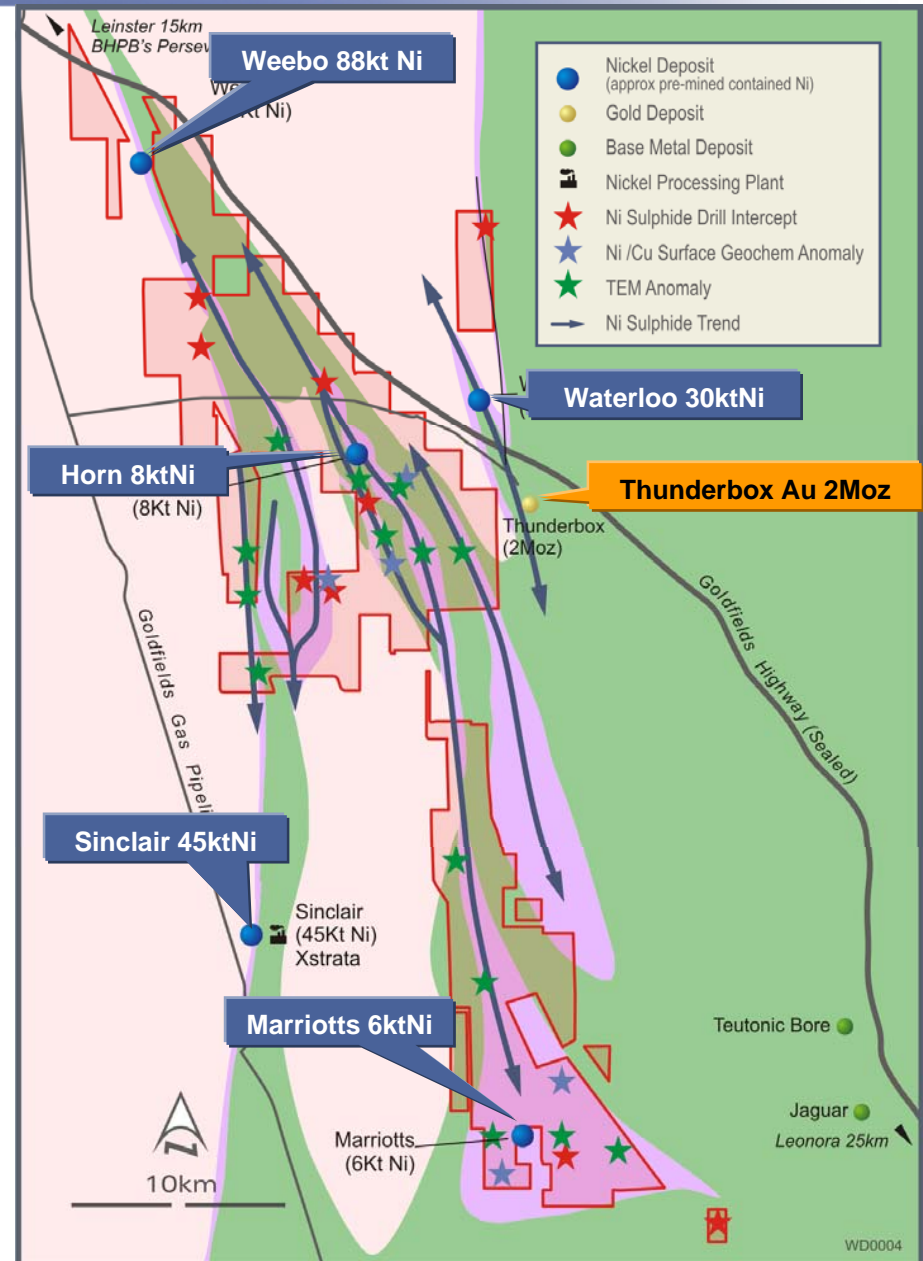


# Wildara Projects: In Major Mineralised District



## Strategic Position

- 60km long tenement holdings
- Multiple (5) Ni trends – all mineralised
- Horn confirmed potential of central belt
- Numerous Ni targets: High tenor Ni sulphides in area
- Gold potential largely underexplored
- On Goldfields Highway
- 3 Processing plants within 70km BHPB, Xstrata

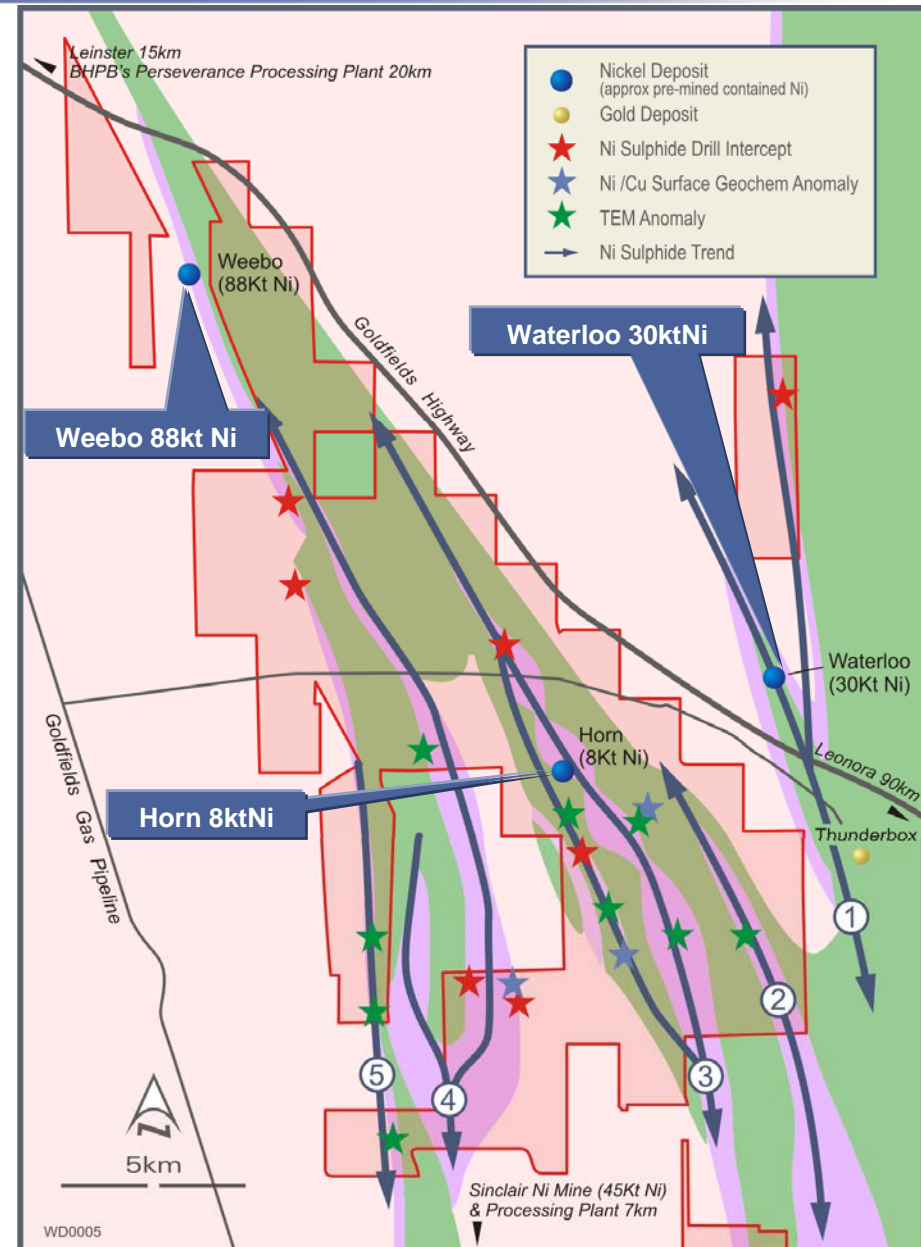


# Wildara Projects: In Major Mineralised District



## Strategic Position

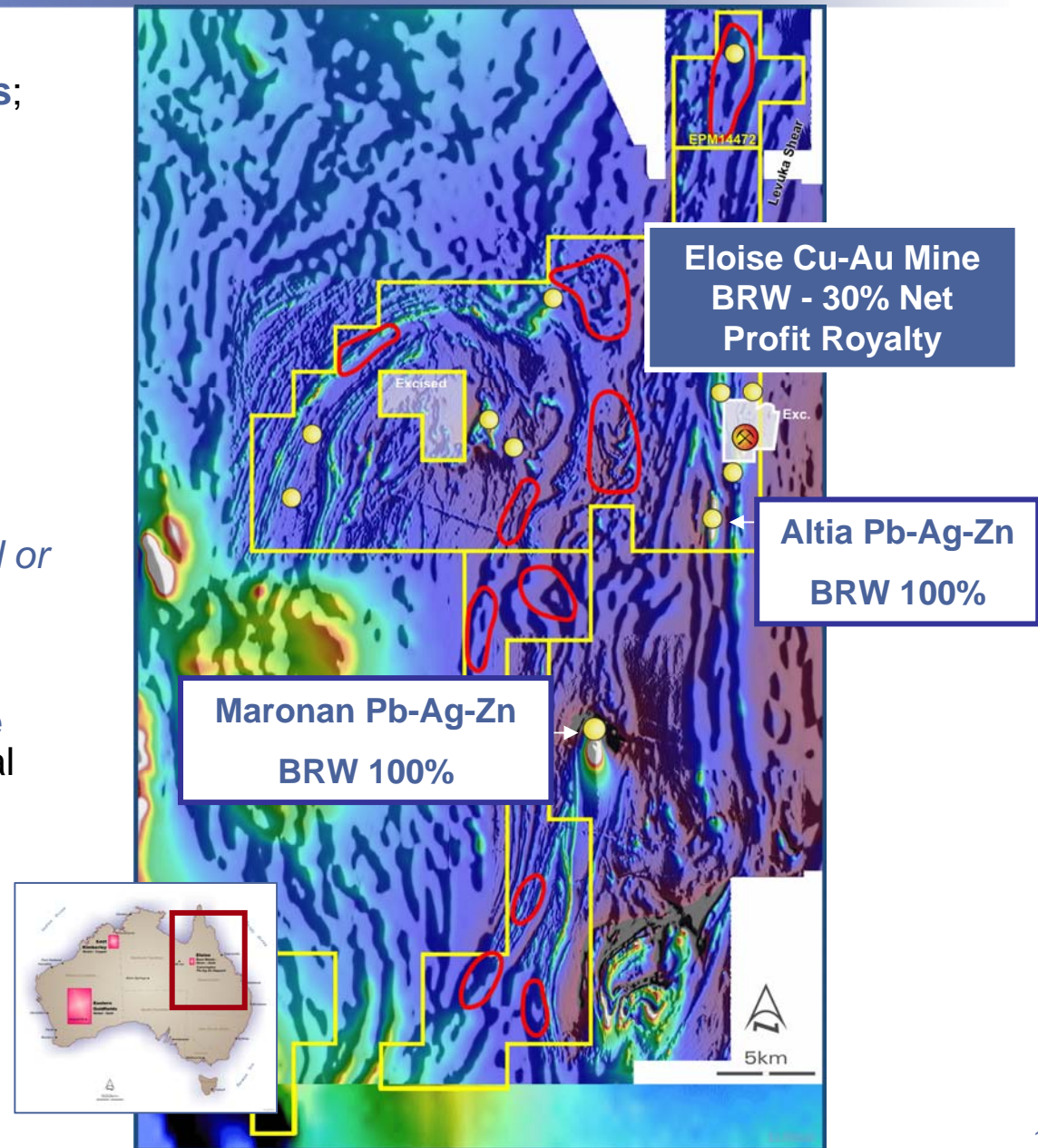
- 60km long tenement holdings
- Multiple (5) Ni trends – all mineralised
- Horn confirmed potential of central belt
- Numerous Ni targets: High tenor Ni sulphides in area
- Gold potential largely underexplored
- On Goldfields Highway
- 3 Processing plants within 70km BHPB, Xstrata



# Eloise Base Metal Project, Queensland



- 350km<sup>2</sup> of 100% owned tenements; 70km SE Cloncurry in Mt Isa Block
- **Excellent potential** based on discovery of two deposit types discovered to date:
  - **Copper- Gold (IOCG type)** : *Eloise Copper deposit (30% royalty interest)*
  - **Lead- Silver – Zinc (Broken Hill or Cannington type)**: *Altia Deposit (100% owned)*
- **30% royalty interest in high grade Eloise Copper Mine** Offers potential for future cash flow from royalty.





# Occurrence of Two Deposit Types: Increases Opportunities



(1) Cu – Au (IOCG) – Eloise Mine core      (2) Pb – Ag (BHT/Cannington Style) – Altia core



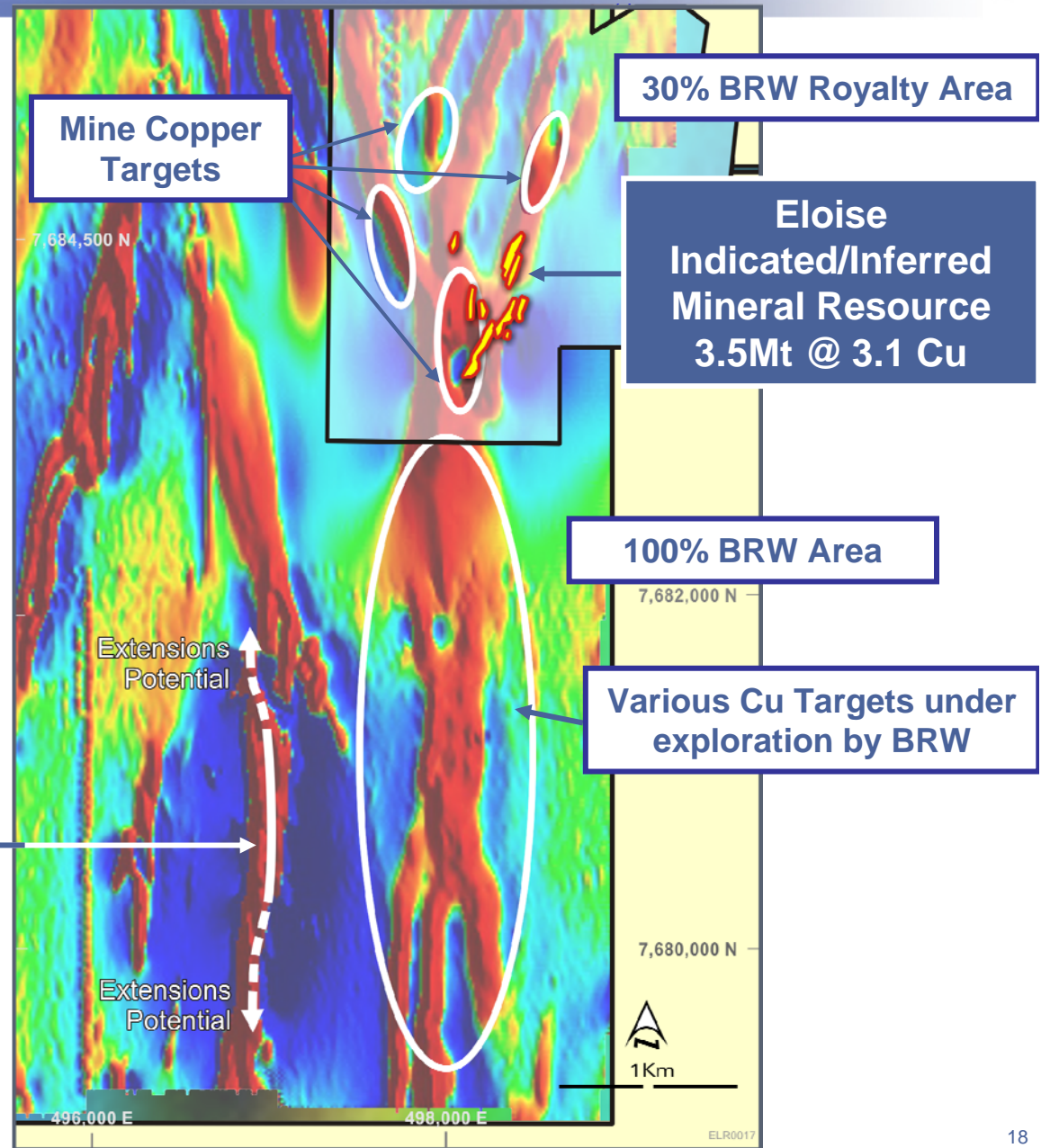
# Good Potential to Discover New Base Metal Deposits



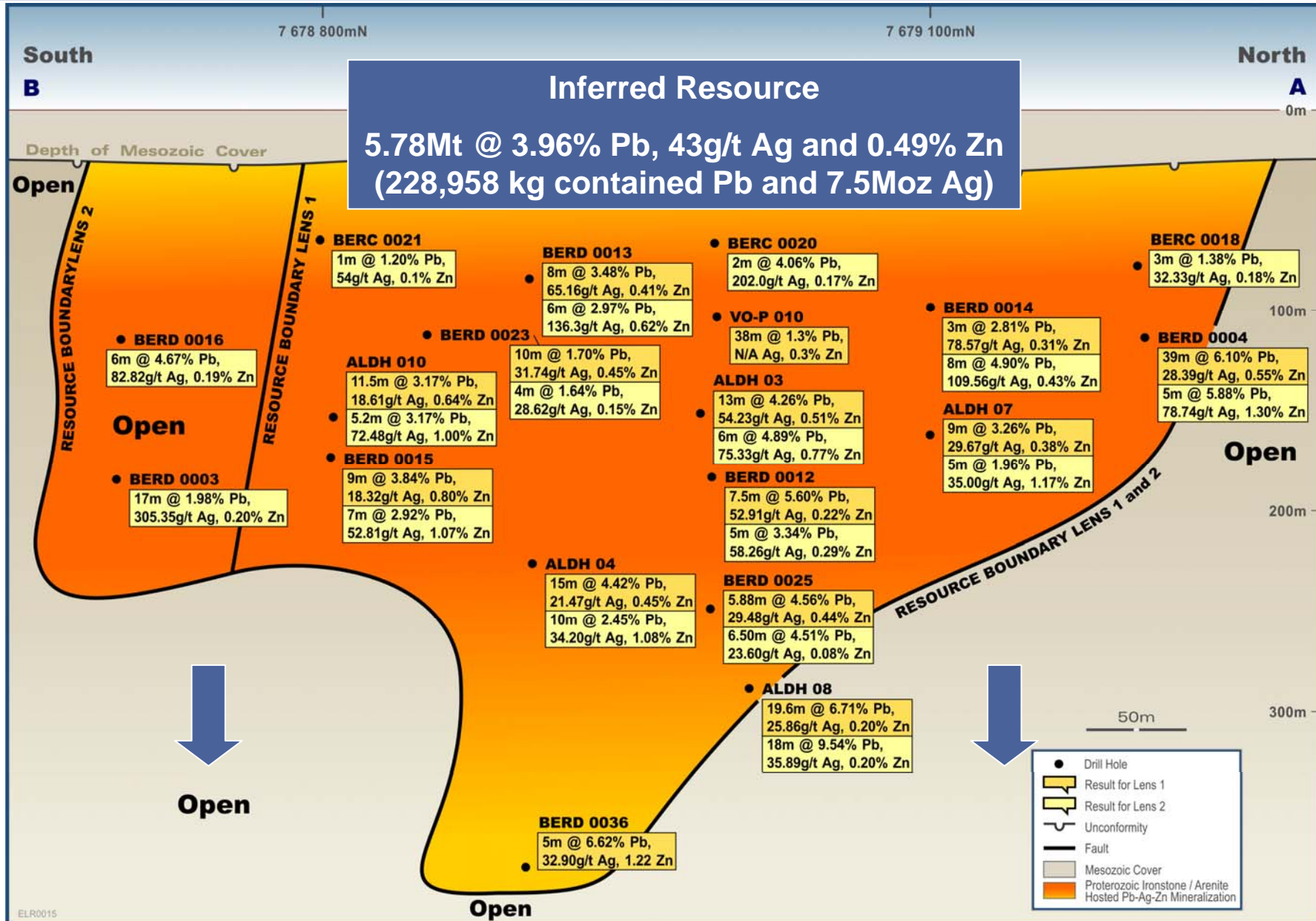
- Discovered Altia Pb-Ag deposit 2006-07

**Altia Inferred Resource  
5.8Mt @ 3.96% Pb, 43 g/t Ag**

- No significant copper exploration in last 15 -20 years which is sparse beyond Eloise
- Excellent potential for new discoveries
- Eloise is a worthy target of about: **10Mt @ >3% Cu pre-mined**
- Currently focussed on 4km region south on the mine trend
- Immediate focus is on copper, lead/zinc offers excellent opportunities
- Considering divestment/partnership opportunities



# Altia Delineation: Long Projection





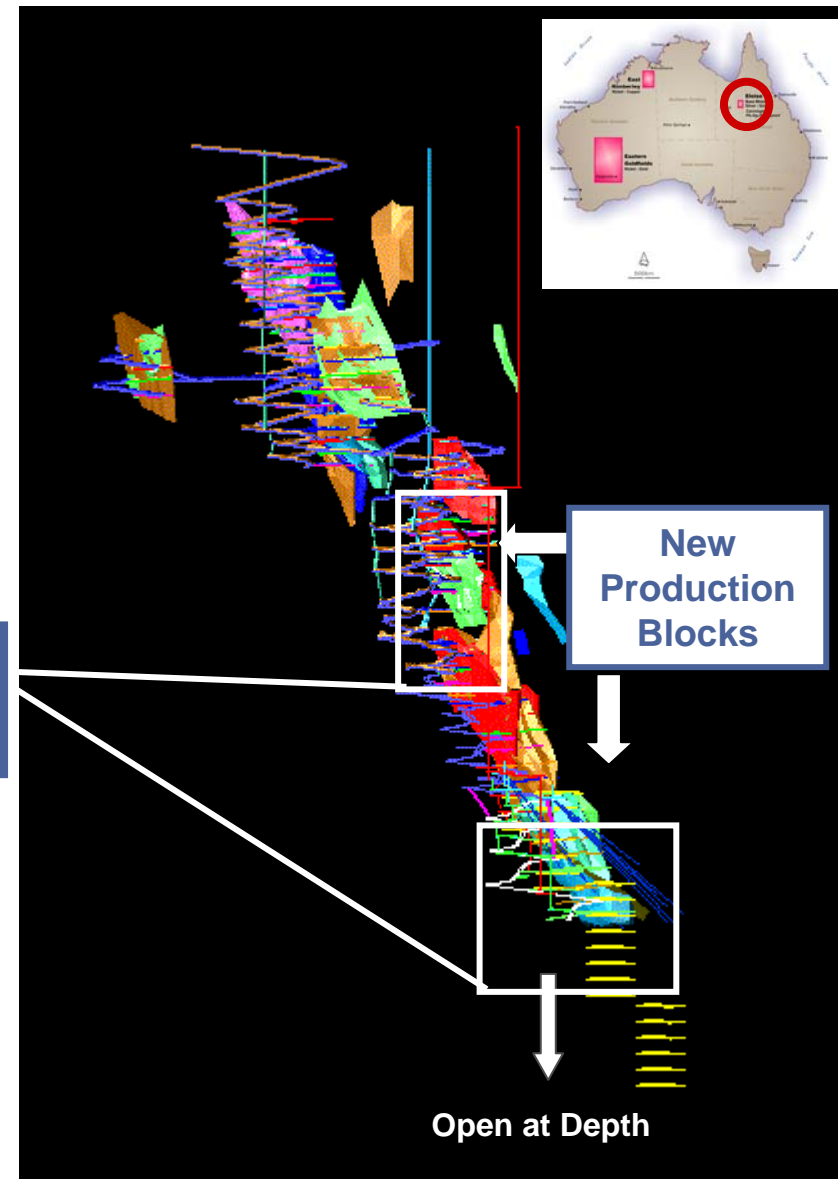
## 1. New development initiatives completed 2007/08

- ✓ *Upgraded vent system*
- ✓ *Decline and ore development complete on 1.2M tonnes reserve on Eloise Deeps*
- ✓ *Adopting shrink stoping method to increase production by 25% from 600 to 740 k tonnes ore pa for 16 – 20,000t contained Cu*

## 2. Increased Resource and Reserve as at June 2008:

**Indicated/Inferred Mineral Resources: 3.5Mt @ 3.1% Cu**  
**Including Reserves: 2.4Mt @ 2.6% Cu**

3. High probability to convert bulk of remaining Resource to Reserve – contingent on Cu price, costs etc
4. Ore production resumed > 50k t/month - exceeding plant nameplate



# Improvements to Underpin Sustainability



**Past Earnings: 30% Net Profit Royalty paid \$15.5M to Breakaway 05/06**

But, for the earnings to continue required the capital investment and reserve additions

*As a consequence:*

- **Mine life may increase** ~ to 4 to 5 yrs with improved infrastructure;
- **Mid-Year Estimate of royalty:** Future accumulated earnings of 30% royalty earnings ~ \$40M (EBITDA) Base Case - Contingent on Cu price
  - Based on Macquarie's July 08 av. Cu price of US\$2.80/lb + forward est's
  - Expectation has been for royalty to resume in June Qtr 2009 - after deduction of 2007/8 capex against future profits 2008/09
- However, Cu price has fallen to US\$1.70/lb or US\$3,700/t Cu.
- Serious cost control measures in place to reduce breakeven cost to \$US1.23/lb Cu
- The duration of volatility unknown to develop reliable forecast – under review

# Value Proposition, August 2008



**Lonsec Valuation  
May 2008**

Asset	Estimated Value (\$)	Value/share (\$)
The Horn	20.7	0.12
Andrews Mine	13.4	0.08
Scotia Project	17.4	0.10
Other Nickel incl. 1A Deposit	45.5	0.27
Eloise Royalty	25.6	0.15
Eloise Exploration	20.2	0.12
Cash May 08	9.9	0.06
	<b>152.7</b>	<b>0.90</b>

## ***Positive Changes Post Valuation May to August 2008:***

- 1) The Horn Deposit more confidently defined with preliminary mine plan and low capex
- 2) Eloise Royalty estimated base case value of \$40M
- 3) 1A potential more apparent from recent drilling and resource modelling

## ***Current share price of \$0.06 - \$0.30, August - November 2008:***

- Market Cap has no realism
- Values Ni assets (incl. deposits) our core business at zero. No value for our core assets.

# Reasons to be Enthusiastic - Summary



- Discovery success 2007-2008 – delivered as promised
  - *Horn, Scotia western trend, West Kambalda extensions, Altia*
- Unique asset base – has not changed apart from value adding
  - *large 100% owned brownfields Ni projects, and*
  - *30% net profit interest in Eloise Cu deposit revenue earner with surrounding 100% owned potential*
- Progressed two Ni discoveries to the advanced evaluation stage
  - *Horn and 1A with several others on the interchange bench*
- Additional immediate discovery opportunities on all projects
- A number of opportunities to crystallise value divestment and partnerships
- *AN ENTHUSIASTIC AND COMMITTED TEAM WHO WANT TO SUCCEED*
- Discoveries in the tough times are an imperative to be set up for the good times

Thank You



breakaway



Breakaway Annual General Meeting – 28 November 08

Presentation by Peter Buck, Managing Director