



15 December 2009

BREAKAWAY ANNOUNCES \$3.6M RIGHTS ISSUE TO UNDERPIN NICKEL EXPLORATION PUSH

HIGHLIGHTS

- **1-for-3 non-renounceable rights issue at 6.0 (six) cents to raise \$3.6 million (before costs)**
- **Fully underwritten by Patersons Securities Limited**
- **Proceeds of rights issue will increase Breakaway's cash to circa \$5.1M (net of issue costs)**
- **Funds raised to be used to accelerate exploration across Breakaway's portfolio of high quality Western Australian nickel sulphide assets**

Breakaway Resources Limited (ASX: **BRW** – “Breakaway”) advises that it intends to undertake a 1-for-3 non-renounceable rights issue at an issue price of 6.0 cents per share to all eligible shareholders to raise a total of approximately **\$3.6 million**. The rights issue will be fully underwritten by Patersons Securities Limited.

The funds raised will increase Breakaway's cash resources to \$5.1 million (net of costs) and will primarily be used to accelerate exploration across Breakaway's portfolio of high quality nickel sulphide projects in Western Australia's Northeastern and Eastern Goldfields, in particular the Wildara Project Group and the Saints Nickel Target (Scotia Project).

The proposed issue price of 6.0 cents represents a discount of 33% to the last sale price of Breakaway shares of 9.0 cents and discounts of 30% and 40% to the 5-day and 30-day VWAP of 8.7 cents and 10.2 cents respectively.

Full details and terms and conditions of the rights issue will be contained in a Prospectus to be lodged with both ASIC and the ASX and dispatched to shareholders shortly. Outlined below is a timetable of relevant events and dates relating to the rights issue. These dates are indicative only:

Rights Issue Timetable Event	Date
Lodgement of Prospectus with ASIC and ASX and announcement of Rights Issue	15 December 2009
Mail notice to Shareholders	17 December 2009
Record Date to determine entitlement to New Shares	29 December 2009
Prospectus with Entitlement and Acceptance Form dispatched to Shareholders	5 January 2010
Last day for acceptance and payment in full (Closing Date)	22 January 2010
Last day for allotment of New Shares and dispatch of shareholding statements for New Shares	2 February 2010
Trading commences for New Shares no later than this date	3 February 2010



Following completion of the rights issue, Breakaway will have approximately 239.3 million shares on issue, with cash resources totalling approximately \$5.1 million (net of costs) including existing cash at bank.

Use of Funds

The proceeds of the raising will provide a strong foundation for the Company to progress the exploration and evaluation of its portfolio of high quality nickel sulphide assets in Western Australia.

In addition to working capital, the funds will be applied to:

- Drill testing (in early 2010) a number of exciting priority nickel targets on the Wildara Project Group including the Revolution-Horn Trend, Fly Bore-Hill Top Trend, Firefly, Sinclair Trend, and Yillaree North;
- Further drilling and exploration activities at the priority Saints Nickel Target (Scotia Project), where drilling recently tested down-plunge extensions to mineralisation previously identified on the Western Contact; and
- Reviewing divestment opportunities to realise additional value from Breakaway's portfolio of nickel sulphide and base metal assets in Western Australia and Queensland.

Breakaway's Chief Executive Officer, Mr David Hutton, said he was pleased to be able to offer existing shareholders the opportunity to acquire more shares at a substantial discount to the recent trading price of Breakaway shares.

"We have recently embarked on a major new exploration push within our portfolio of high quality nickel sulphide assets in Western Australia, with a drilling programme currently in progress at the Saints Project," Mr Hutton said.

"The funds raised will enable us to step up activity levels next year across our portfolio while at the same time pursuing a number of exciting commercial opportunities to add value for shareholders," he continued.

Breakaway recently secured a \$10 million joint venture with BHP Billiton at its Altia silver-lead-zinc deposit, part of the Eloise Exploration Project in North Queensland. BHP Billiton is expected to commence up to 5,000 metres of diamond drilling at Altia, upon the completion of the wet season in early 2010.

Breakaway remains focused on its core nickel sulphide assets in Western Australia.

ENDS

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