



## Breakaway Expands Nickel Exploration Effort

### *Recent Drilling Refines and Narrows Search Radius for Nickel Sulphides*

- **State-of-the-art inversion modelling and 3D integration of data underway on key target areas within the Wildara Project – focusing on an 16 kilometres strike length of the prospective Roadside Ultramafic**
- **Ground-based EM survey to commence at Miranda Project in July**
- **Focus on previously untested southern extension of the prospective Mt Goode Ultramafic Belt that hosts the high-grade Cosmos nickel deposits**
- **Drill targets to be ranked and prioritised at both projects for possible drilling in 2H 2010**

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Breakaway Resources Limited (ASX: **BRW**) is pleased to announce the imminent commencement of significant new exploration programmes at its two key nickel sulphide exploration projects, **Wildara** and **Miranda**, in the Leinster District of Western Australia's Northeastern Goldfields (see *Figure 1*).

The forthcoming phase of work is expected to generate multiple nickel sulphide targets for a Phase 2 drill programme possibly to be undertaken during the second half of 2010.

### **Wildara Project Group**

Following the recently completed Phase 1 reconnaissance RC drilling programme (~7,500m), Breakaway has commissioned a programme of **inversion modelling of aeromagnetic data** and **three-dimensional (3D) integration of all geological data** for key target areas within its **Wildara Project Group**. This modelling will primarily be undertaken over a priority 16 kilometre strike length of the prospective Roadside Ultramafic Belt. The Roadside Ultramafic Belt is the interpreted southern extension of the Perseverance Ultramafic Belt which hosts the world-class Leinster nickel deposits (~2.5 million tonnes of contained nickel metal), 30 kilometres to the north west and extends from the **Revolution** prospect in the north to the **Horn Nickel Deposit** (Inferred Resource of 600,000t @ 1.39% Ni and 0.30% Cu containing 8,300t of nickel and 1,800t of copper) in the centre, and further south to the Fly Bore and Hilltop Gossans.

The Phase 1 drilling programme reinforced the nickel sulphide prospectivity of both the Revolution prospect and the area around the Horn Nickel Deposit. All holes intersected high MgO ultramafic rocks, with drilling extending the Horn ultramafic laterally and up to 800 metres north of the deposit.

Historic rockchip sampling of the gossans returned anomalous analytical results potentially indicative of nickel sulphide mineralisation and they have been poorly drill tested with the majority of previous drilling either shallow and or wide spaced in nature (see Figure 2).

Integration of the 3D inversion modelling with all other available data for this area including historic and recent drilling, EM coverage and known EM conductor plates will enable further targeting within the belt. This is the first time that 3D inversion modelling has been utilised in this belt and Breakaway is optimistic that it will greatly assist the search for nickel sulphides at Wildara.

The results from drilling to date indicate that the Wildara area remains an extremely fertile area for the discovery of nickel sulphides and will continue to be prioritised by Breakaway with a view to generating drill targets for the second half of 2010.

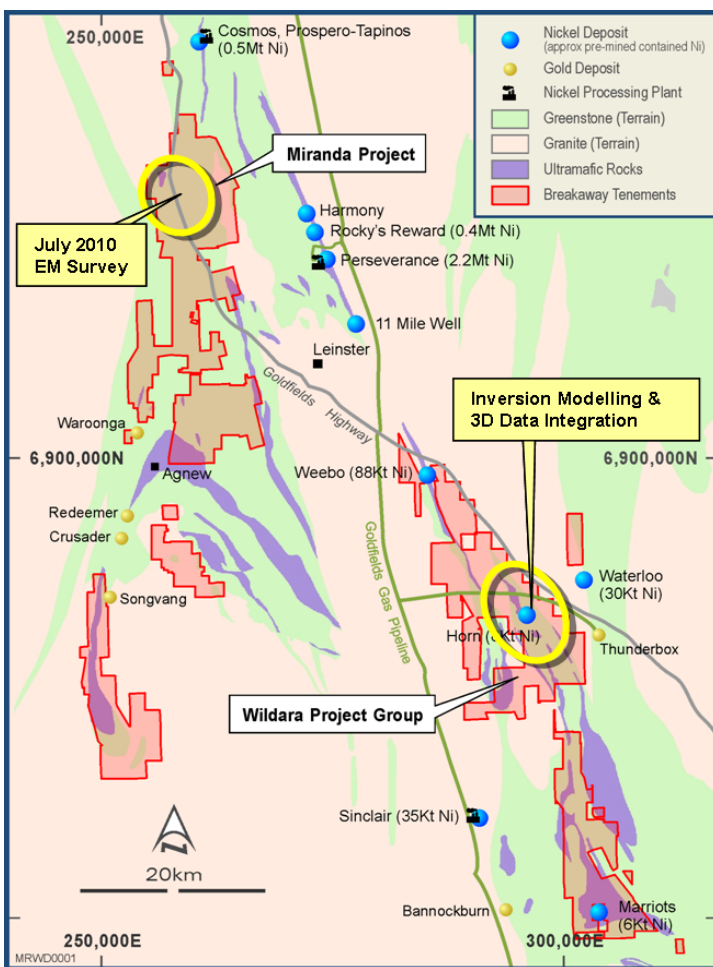


Figure 1: Project Locations showing Planned Activities

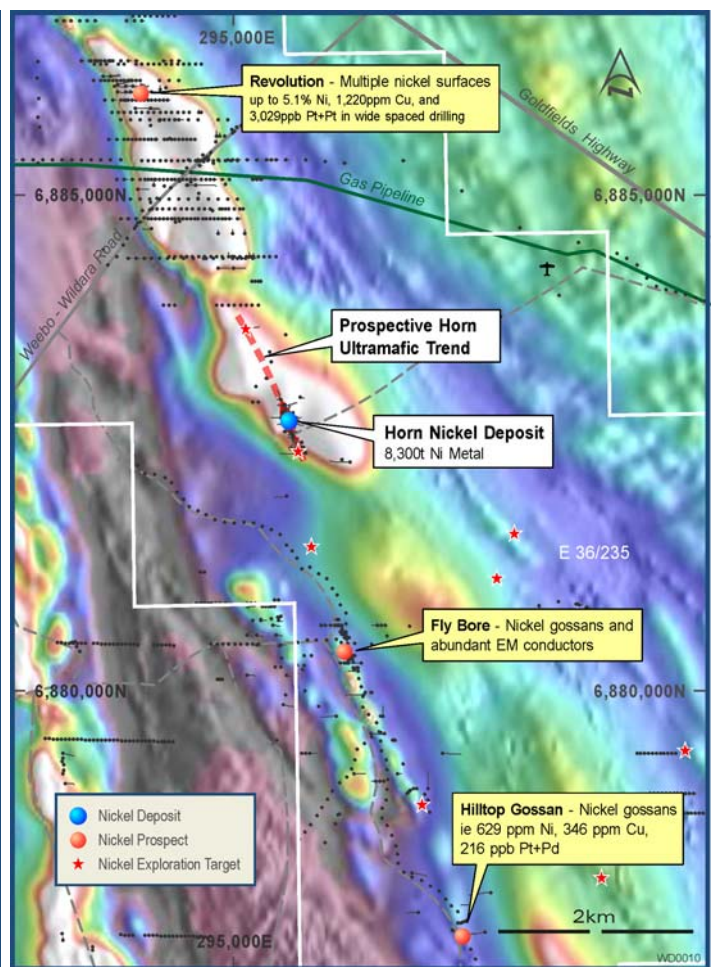


Figure 2: Aeromagnetic Image of Roadside Ultramafic Belt and Prospect Locations

## Miranda Project

At Miranda, Breakaway has commissioned a **ground-based electromagnetic (EM) survey** to commence in July (subject to crew availability) over the interpreted southern extension of the highly prospective **Mt Goode Ultramafic Belt**, which hosts Xstrata's world-class Cosmos nickel deposits (+0.5Mt Ni metal) 13 kilometres along strike of the project's northern boundary.

The EM survey will cover between 6-7 strike kilometres and will take approximately four weeks to complete. It will provide detailed EM coverage of the southern end of the Mt Goode Ultramafic Belt for the first time. This area has been only lightly covered with historic RAB and Aircore drilling mainly targeting gold. Significantly results from the historic drilling (e.g 40m @ 0.39%Ni from 36 metres including 18m @ 0.45%Ni from 42 metres in PL\_10\_23 drilled by Australian Selection Pty Ltd in 1976) reinforces the nickel prospectivity of the ultramafic rocks within the area (see Figure 3).

The planned detailed EM survey covering the southern portion of the belt is the most effective way of generating discrete drill targets. Additionally, the Company has identified and previously announced **eight priority targets** at Miranda, including untested EM conductors in the northern part of the project and targets displaying favourable nickel-copper bedrock geochemistry.

The recent receipt and analysis of historic drilling data from Goldfields Australia Pty Ltd (holder of the project's Gold Rights) has enabled it to refine its understanding of the prospective stratigraphy within its tenements.

The Company has decided to focus on the southern 6 kilometres of the 12 kilometres strike length of the Mt Goode ultramafic within its tenements for a number of geological and strategic reasons. The area of focus lies immediately along strike from a 2005 EM survey completed by Breakaway, and covers a poorly tested, interpreted structural offset of the Mt Goode ultramafic and lies outside a Heritage buffer zone associated with Lake Miranda (Figure 3).

The absence of EM coverage over the target combined with Breakaway's enhanced understanding of the structural geology and information gathered from the Goldfields drilling makes this a highly fertile target zone for the discovery of new nickel sulphide mineralisation.

The Company is looking forward to receiving the results of the Miranda EM survey and progressing towards a possible drilling programme in the second half of 2010.

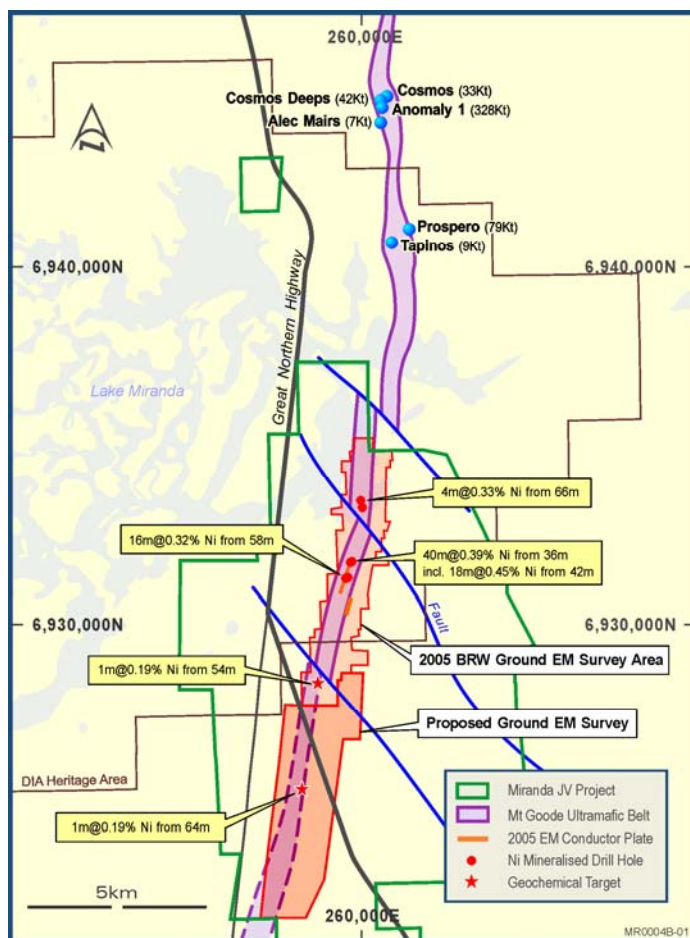


Figure 3: Southern Mt Goode Ultramafic Belt and Location of EM Survey

## **Conclusion**

Breakaway's Managing Director, Mr David Hutton, said the next phase of exploration at Wildara and Miranda would see the application of the latest in geophysical techniques and sophisticated inversion modelling to generate a series of drill targets.

"While our recently completed Phase 1 drilling at Wildara did not deliver economic mineralisation, it has certainly not dampened our enthusiasm for our core nickel projects," he said. "In fact, it has paved the way to what we believe will be one of the most significant periods of exploration activity seen at these project areas in many years.

"At Wildara, we are integrating our geological knowledge and all of the data generated over many decades into a sophisticated three-dimensional structural model that we believe will generate several exciting drill targets," Mr Hutton added. "At Miranda, the forthcoming ground EM survey represents the most important new exploration initiative in the Mt Goode/Cosmos belt since the original discoveries at Cosmos by Jubilee Mines in the late 1990s and early 2000s."

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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 Charles (Mark) Fletcher (Exploration Manager) and Mr David Hutton (Managing Director), both full time employees of the Company. Mr Fletcher is a Member of the Australian Institute of Geoscientists (AIG) and Mr Hutton is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Both 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.

### **About Breakaway Resources Limited:**

Breakaway Resources aims to become one of Australia's leading mining and exploration companies with exploration focussed at our priority Wildara and Miranda Projects within the Leinster district of the North Eastern Goldfields of Western Australia; an area we believe offers the most attractive opportunities for future success.

Our objectives are the discovery and development of a high-quality stand alone nickel sulphide deposit (+30kt Ni metal at 3% Ni) and maximisation of shareholder wealth for non-priority assets.