



Breakaway enters into agreement with Norilsk Nickel Australia to cancel Claw-Back and Pre-emptive Rights on WA Tenements

Long-standing claw-back arrangement to be replaced by 2.5% NSR: all other obligations waived

Breakaway Resources Limited (ASX: BRW –“Breakaway”) is pleased to announce that it has reached agreement with Norilsk Nickel Australia Pty Ltd (“Norilsk Nickel Australia”) and Norilsk Nickel Avalon Pty Ltd (“Norilsk Avalon”) releasing it from a clawback and pre-emptive rights arrangement over Western Australian tenements held by Breakaway and converting the Norilsk parties’ rights into a Net Smelter Royalty (“NSR”) over future production of nickel, copper and platinum group elements.

The Claw-Back Agreement dates from August 2006 when Breakaway first acquired the Scotia and Leinster Nickel Projects from Norilsk Nickel Australia (then Lionore Australia Pty Limited (“Lionore”)) as part of its acquisition of Lionore’s Australian nickel exploration portfolio.

The Pre-Emptive Right to Treat Nickel Ore Agreement also dates from August 2006 and included a pre-emptive right held by Norilsk Avalon to treat nickel ore mined at the Scotia Project, located 65km north of Kalgoorlie, and the Leinster Project, located 35km south of the mining centre of Leinster in Western Australia.

Under the new agreement with Norilsk, Norilsk has released Breakaway and its subsidiaries, Altia Resources Pty Ltd and Scotia Nickel Pty Ltd, from their obligations under the Claw-Back Agreement and the Pre-Emptive Right to Treat Nickel Ore Agreement.

In consideration for cancelling these arrangements, Norilsk has agreed to convert all of its rights over the Western Australian tenements into a 2.5% NSR on future production of nickel, copper and platinum group elements from the tenements.

The completion of the agreement with Norilsk satisfies one of the key conditions precedent to the completion of the recently announced sale agreement for the Scotia Project with Minotaur Exploration Limited (ASX: MEP), under which Breakaway has agreed to sell the Scotia Project for \$600,000 in cash consideration (as announced to the ASX on 20 May 2013).

The release of the clawback and pre-emptive rights by the Norilsk Group represents a key breakthrough for the Company. It opens up significant opportunities for Breakaway in further exploring and developing its Leinster Nickel Project, located in close proximity to world class nickel deposits such as Perseverance and BHP’s recently discovered Venus nickel sulphide deposit.

Breakaway has recently identified exciting new gold and nickel targets at the Leinster Project, which it is planning to progress to the next stage, with programs of ground geophysics and drilling planned for later in the year.

Breakaway's Managing Director, Mr Victor Rajasooriar, said he was pleased to have finalised the agreement with Norilsk, which removes a long-standing claw-back and pre-emptive right arrangement which stemmed from the original transaction with Lionore Australia prior to its takeover by Norilsk.

"This clears one of the important conditions required for the recently announced sale transaction with Minotaur to proceed and marks the resolution of a long-standing issue with these tenements, making it significantly easier for us to pursue exploration and corporate opportunities with these WA nickel projects," Mr Rajasooriar said.

"I would like to thank Norilsk for the constructive manner in which they have approached the negotiations and releasing the rights surrounding the Scotia and Leinster Projects so that Breakaway can enjoy the full benefit of any future exploration success. We are now looking forward to concluding the sale of the Scotia Project in a timely fashion."

ENDS

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About Breakaway Resources Limited:

Breakaway Resources aims to generate shareholder wealth through the discovery and development of a high-quality standalone mineral deposit. The Company's exploration activities are focussed on our priority Eloise Exploration Project (copper-gold) located within the Cloncurry District of North West Queensland, and the Leinster tenements in Western Australia (Gold and base metals), areas that we believe offer the most attractive opportunities for future success.