Breakwater Resources Ltd.'s 2011 Guidance

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TORONTO, ONTARIO -- (Marketwire) -- 12/06/10 -- Breakwater Resources Ltd. (TSX: BWR)(TSX: BWR.WT.A) provides information related to Langlois' reopening and guidance for 2011.

In accordance with the Company's strategic plan, one of management's objectives is to optimize the Company's current assets. Accordingly, the 2011 operating plans have been developed to achieve strong, stable, sustainable operations from which to grow as well as to prepare Langlois for production in the first quarter of 2012. The Company plans continued investment in new and ongoing initiatives to improve efficiency at each site and to mitigate identified risks.

Langlois Re-opening

A long-term plan has been developed that is based on mining and processing only the proven and probable reserves at a rate of up to 600,000 tonnes per annum. The following table shows the total forecast production for years one through 10.

Forecast Production: Years 1 - 10

Milled Tonnes	5,096,000
Head Grades	
Zinc	9.7%
Copper	0.7%
Silver	45 g/t
Mill Recoveries	
Zinc	93.5%
Copper	80.0%
Concentrate Production	
Zinc (tonnes)	852,500
Copper (tonnes)	130,200
Contained Metal	
Zinc (tonnes)	460,300
Copper (tonnes)	26,700
Silver (ounces)	4,046,000

For the December 31, 2009 mineral reserves estimates, metal prices, including premiums, used to determine economic viability for Grevet B, Zones 3, 4 and 97 at Langlois were US$1.00/lb. zinc, C$/US$ exchange rate of 1.12, US$700/oz. gold, US$12.55/oz. silver, US$2.66/lb. copper and US$0.83/lb. lead. The metal prices used represent the approximate historical five year average for each metal from 2005 to 2009. Only metal prices for zinc, copper and silver were used to determine the NSR value of the various blocks. A cut-off NSR value of $85.00 per tonne has been used for all zones, including Grevet B.

A financial model has been prepared based on the metal prices, currencies and treatment and refining charges listed in the table set forth below.

Long-Term Pricing Assumptions

Commodity Prices		
Zinc	US$/t / US$/lb.	2,205 / 1.00
Copper	US$/t / US$/lb.	5,864 / 2.66
Silver	US$/oz.	12.55
Exchange Rate	C$/US$	1.12
Treatment Charges		
Zinc	US$/t	204
Copper	US$/t	50
Refining Charge (Copper)	US cents/lb.	0.07

Projected total operating results for years one through 10 are summarized in the table set forth below.

Projected Operating Results: Years 1 - 10

Milled Tonnes	000t	5,096
Payable Metal		
Zinc	000 lb.	862,648
Copper	000 lb.	55,960
Silver	000 oz.	3,720
Smelter Revenue	C$millions	1,186
Smelter Treatment	C$millions	(232)
Transportation	C$millions	(85)
Operating Cost	C$millions	(471)
Operating Cash Flow	C$millions	397
Mining Tax	C$millions	(2)
Capital	C$millions	(115)
Cash Flow	C$millions	280
Cash Cost	(US$/lb. payable zinc)	$0.54
Operating Cost	(per tonne milled)	$92.51

Up-to-date operating costs have been included to reflect increased costs of labour and consumables.

The long-term plan is sensitive to metal prices, exchange rates, operating and capital costs, grade and smelter charges.

The operating scenario depicted in the Projected Operating Results table indicates that all future capital will be paid back.

The Langlois mine has a major mineralized system comprising zones of many types and sizes, often of exceptional grade. The current property mineral reserves provide an estimated mine life of approximately ten years if production is limited to the currently known areas. Sufficient additional tonnages are contained in the measured, indicated and inferred resource categories to increase substantially the current mine life, however, exploration work must be conducted in the near future to determine the extent to which these mineral resources can be upgraded to mineable tonnages and to ensure these areas are developed for mining within the time frame of the current mine plan.

Historically, a consistent and committed funding level for exploration programs resulted in successful identification of additional mineral reserves and resources and consequently added to the life of the mine. There is potential to upgrade mineral resources and identify new deposits.

In its first twelve months of production, the Company expects metal contained in concentrate from Langlois to consist of 46,000 tonnes of zinc, 2,600 tonnes of copper and 451,000 ounces of silver. The operating costs per tonne milled on a production basis at Langlois in the first twelve months are expected to fall in the range of C$86 to C$100 per tonne.

2011 Guidance

Capital Expenditures

In 2011, the Company plans to spend $92.1 million on capital consisting of: $23.7 million at Mochito; $15.1 million at Toqui; $21.3 million at Myra Falls; and, $32.0 million at Langlois.

Langlois

Langlois accounts for approximately 35% of the capital budget. The $32.0 million planned for Langlois in 2011 consists of $9.6 million for deferred development, $8.7 million for mill, mine and other infrastructure capital, $1.5 million in capitalized definition drilling and $12.0 million of capitalized preproduction operating costs. The $9.6 million of deferred development comprises 3,100 metres of development in waste and 1,100 metres of development in ore.

Mochito

Of the $23.7 million capital expenditures planned at Mochito in 2011, $11.1 million relates to upgrading the electrical infrastructure by replacing a diesel generator and some transformers and adding in-mine hydro generating capacity. The dam at the Soledad tailings impoundment area is expected to be raised in 2011 at a cost of $3.5 million and $5.3 million is planned for mine development.

Myra Falls

At Myra Falls, of the $21.3 million capital expenditures planned, the major items include $7.0 million for mobile equipment, $2.7 million for mill equipment to improve efficiency, $8.0 million for underground development and $1.0 million for a hydro dam raise.

Toqui

At Toqui, the major capital items planned include $5.0 million for mine development, $1.4 million for a filtered tailings disposal area, $1.7 million for extensional drilling, $2.3 million for million equipment and upgrades, $2.1 million for mine equipment and infrastructure, $0.9 million for power optimization and $1.3 million for safety, environmental and administrative purposes. Of the $15.1 million to be spent in the year, approximately 75% of the total is expected to be spent in the first half of the year.

Production

The Company's projected metals production for 2011 is set forth in the following table:

Metal in Concentrate(1) (contained)	Mochito	Toqui	Myra Falls	Total
Zinc (tonnes)	29,400	31,100	34,500	95,000
Copper (tonnes)	-	-	3,900	3,900
Lead (tonnes)	15,100	600	-	15,700
Gold (ounces)	-	41,800	9,700	51,500
Silver (ounces)	1,595,000	158,000	546,000	2,300,000

(1) Metal contained in concentrate is before smelting deductions which, based on industry-wide practices, are approximately 15% for zinc, 1% for copper and 5% for lead. The actual smelting deductions negotiated by the Company may vary from the industry standards depending on a number of factors.

Estimates of production are subject to change and actual production may vary materially from such estimates.

There are numerous uncertainties inherent in estimating anticipated production including many factors beyond the control of the Company. While production forecasts are soundly engineered and detailed, the accuracy of any such estimates is a function of the quality of available data, reliability of production history, variability of grade encountered, mechanical, environmental, social or other issues, engineering and geological interpretation and operator judgment. Rates of production may be more or less than anticipated. Results of drilling, metallurgical testing and production, and the evaluation of mine plans subsequent to the date of any estimate may cause actual production to vary materially from such estimates. For these reasons we will provide updated guidance only when production of contained metal varies from previous guidance by a significant margin.

Costs

The operating costs, on a production basis, at each mine are estimated to fall in the ranges set forth below:

Production Costs per tonne milled)	
Mochito	US$60 - US$67
Toqui	US$64 - US$75
Myra Falls	C$120 - C$135

Operating costs at Mochito are expected to be higher due largely to higher power costs and increased wages from a new contract currently being negotiated. The benefits of the upgraded electrical systems have not been reflected in the 2011 production costs.

At Toqui, operating costs are expected to rise due to the paste plant processing and paste delivery system costs, an increase in base wages following the settlement of the new labour agreement in October 2010 and a major maintenance and supply process review (collectively estimated at US$9 per tonne). The 2011 mine plan at Toqui assumes commissioning of the paste plant and the ball mill are successfully completed. Due to equipment availability issues experienced in 2010, in 2011 Toqui plans to complete a maintenance and supply chain efficiency maximization program. The cost of the program is reflected in the cost per tonne milled; however, the expected operating efficiency benefits have not been reflected in the 2011 costs.

At Myra Falls, the major assumed cost increases relate to higher diesel usage and the full year impact of the 2010 workforce increase.

Exploration

The Company expects to spend $7.5 million on exploration expenses in 2010 with the objective of increasing the mineral resources (both measured and indicated and inferred) at Mochito in Honduras and at Toqui in Chile as well as meeting the Company's obligations under various joint venture agreements in Quebec, Canada. The current forecast of exploration expenses is set forth in the following table.

Exploration Expenses ($ millions)	2011 Guidance
Mochito	2.1
Toqui	2.0
Quebec	3.4
	7.5

Metal Price Assumptions

The metal prices assumed for internal purposes for 2011 were US$0.80/pound zinc, US$2.75/pound copper, US$0.75/pound lead, US$925/ounce gold, US$16.00/ounce silver and a C$/US$ exchange rate of parity. The metal prices used are meant to set operating parameters for the operations and therefore should not to be construed as the Company's expectations of metal prices.

Key Assumptions

Sales

The Company's Canadian dollar ('C$') gross sales revenues are affected by the metals prices received and the exchange rate between the US$ and C$. With the current volatility in the markets, including the effect of government stimuli and interest rate decisions, it is difficult to forecast metal prices or exchange rates.

SENSITIVITY TO METAL PRICES AND EXCHANGE RATES

The Company's cash flow and net earnings are sensitive to movements in the price of zinc, lead, copper, silver and gold and to the C$/US$ exchange rate. The following table provides the Company's estimates of the sensitivity of C$ cash flow to changes in the various metal prices and C$/US$ exchange rate movements based on the projections for 2011. The table assumes that all other prices and/or the exchange rate are held constant.

Variable	Change	Sensitivity (millions)
Zinc	US10 cents per pound	$14.6
Lead	US10 cents per pound	$2.6
Copper	US20 cents per pound	$1.6
Silver	US$1 per ounce	$1.4
Gold	US$20 per ounce	$0.8
Exchange rate	C$/US$ 10 cents	$7.1

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