



## Activity Report for the Quarter Ended 31 December 2011

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### Corporate

- Placement raises \$1.1 million (before costs) – increases cash reserves to \$2.2 million at the end of the December 2011 Quarter.

### Base Metal Exploration – Queensland

- Further positive results reinforce significance of Sandy Creek copper gold prospect:
  - **3m @ 3.68% copper, 0.57g/t gold, 11.7g/t silver** from 47 metres;
  - **1m @ 6.23% copper, 0.52g/t gold, 23.0g/t silver** from 65 metres;
  - **2m @ 4.64% copper, 0.69g/t gold, 46.3g/t silver** from 44 metres;
  - **6m @ 1.21% copper, 0.60g/t gold, 4.6g/t silver** from 114 metres including **2m @ 2.46% copper, 0.63g/t gold, 9.4g/t silver** from 118 metres;
  - **45m @ 0.66% copper, 0.14g/t gold, 2.7g/t silver** from 36 metres including:
    - **3m @ 2.19% copper, 0.65g/t gold, 6.3g/t silver** from 36 metres;
    - **1m @ 3.64% copper, 0.71g/t gold, 43.6g/t silver** from 48metres;
    - **4m @ 1.16% copper, 0.13g/t gold, 4.8g/t silver** from 70 metres; and
    - **1m @3.52% copper, 0.26g/t gold, 23.7g/t silver** from 80 metres.
- Shear – hosted quartz veining and copper mineralisation intersected down dip from, and 100 metres west of existing high grade copper – gold mineralisation in 3 diamond drill holes at Sandy Creek – results awaited.
- Thin zones of visible lead and zinc mineralisation intersected down dip from existing silver – lead – zinc mineralisation in 2 diamond drill holes at the Altia Deposit – results awaited.

### Nickel Exploration – Western Australia

- The future of the Company's nickel projects continues to be strategically reviewed.

### Gold Exploration – Western Australia

- Infill RC drilling programme completed at the Chameleon Prospect (Scotia Project) by Scotia Gold Rights JV partner Aphrodite Gold Limited ahead of planned 2012 resource drilling program – results awaited.

## OVERVIEW

Breakaway has a portfolio of quality mineral exploration projects, strategically located within two of Australia's premier mineral districts (*Figure 1*).

While a large number of targets have been identified on all of the projects, Breakaway is focussed on evaluating the potential of the highly copper – gold prospective Eloise Exploration Project, located within the Cloncurry District of North West Queensland – an area we believe offers the best chance for exploration success in the short term.

## CORPORATE

### Placement

The Company successfully completed a Capital Raising during the Quarter with \$1.1M (before costs) raised through a strategic share placement to clients of Lead Manager Patersons Securities Limited, including the Company's second-largest shareholder FMR Investments Pty Ltd and several other existing major shareholders.

The placement, comprising **22.7 million** fully paid ordinary shares at an issue price of **4.9 cents per share**, increased Breakaway's total issued capital to 388.7 million shares.

The proceeds of the share placement increase Breakaway's cash position to **\$2.2 million** at the end of the December 2011 Quarter and are being used to **underpin ongoing exploration activities** at the highly prospective Eloise Exploration Project, North Queensland.

## BASE METAL EXPLORATION ACTIVITIES – QUEENSLAND

### Eloise Exploration Project – BRW 100%

The Eloise Exploration Project is located 70km south-east of Cloncurry, in the heart of the world-class Cloncurry Mineral District of North West Queensland. The project lies immediately adjacent to FMR Investments Pty Ltd's Eloise Copper Mine, where mining recommenced in January 2011 (*Figures 2 and 3*).

To build on initial drilling success at the Eloise Exploration Project during the June and September 2011 Quarters, the Company continued drill testing of the new Sandy Creek copper – gold system which is located within western half of the project area, during the Quarter.

The significance of the Sandy Creek copper – gold prospect continues to grow with the receipt of further positive assay results from a 16 hole (11BERC0087 to 11BERC00102 - 1,998 metres) infill Reverse Circulation (RC) drilling programme completed prior to and during the Quarter, and the intersection of multiple zones of visible copper mineralisation in 3 diamond holes (11BERD0103 to 11BERD105 – 1,184 metres) completed at the end of the Quarter.

At **Sandy Creek**, copper-gold mineralisation intersected to date occurs in a well-defined zone of sheared sulphidic quartz-carbonate veining within a broader zone of mafic / garnet alteration on the western margin of a gabbroic intrusive body.

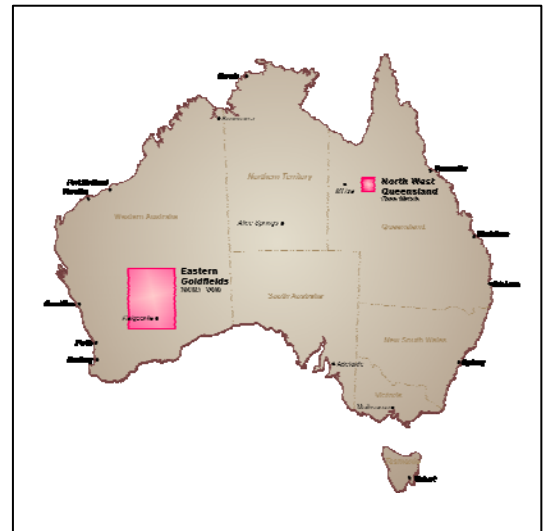


Figure 1: Breakaway Project Locations

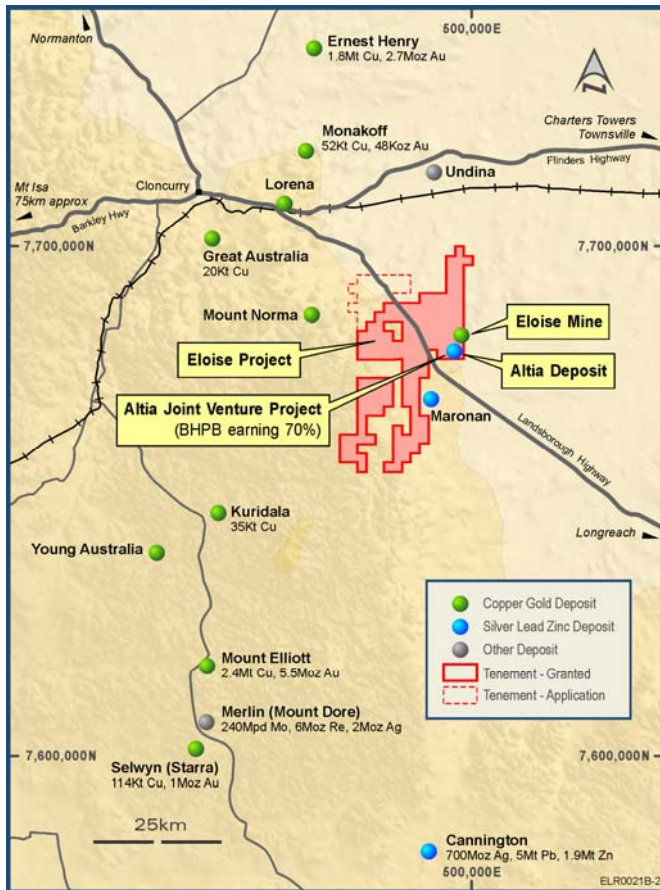


Figure 2: Eloise Exploration Project Location Plan

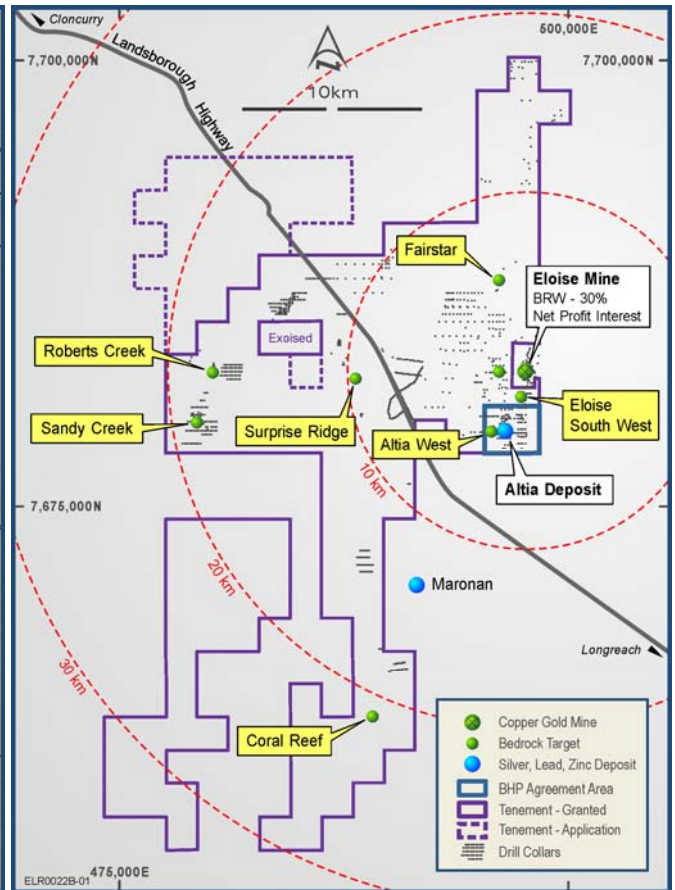


Figure 3: Eloise Exploration Project Copper Targets

The following significant intercepts were returned from the infill RC drilling:

- **3m @ 3.68% copper, 0.57g/t gold, 11.7g/t silver** from 47 metres in 11BERC0090;
- **1m @ 6.23% copper, 0.52g/t gold, 23.0g/t silver** from 65 metres in 11BERC0097;
- **2m @ 4.64% copper, 0.69g/t gold, 46.3g/t silver** from 44 metres in 11BERC0096;
- **6m @ 1.21% copper, 0.60g/t gold, 4.6g/t silver** from 114 metres including **2m @ 2.46% copper, 0.63g/t gold, 9.4g/t silver** from 118 metres in 11BERC0088;
- **7m @ 1.06% copper, 0.33g/t gold, 4.0g/t silver** from 53 metres including **2m @ 1.75% copper, 0.55g/t gold, 6.6g/t silver** from 58 metres in 11BERC0087;
- **2m @ 2.08% copper, 5.23g/t gold, 8.3g/t silver** from 37 metres in 11BERC0092;
- **45m @ 0.66% copper, 0.14g/t gold, 2.7g/t silver** from 36 metres in 11BERC0101 including:
  - **3m @ 2.19% copper, 0.65g/t gold, 6.3g/t silver** from 36m;
  - **1m @ 3.64% copper, 0.71g/t gold, 43.6g/t silver** from 48m;
  - **4m @ 1.16% copper, 0.13g/t gold, 4.8g/t silver** from 70m; and
  - **1m @ 3.52% copper, 0.26g/t gold, 23.7g/t silver** from 80m.

The infill RC holes were drilled on nominal 50m spaced sections to 100m average depth over a strike length of 700m. While the three southernmost holes failed to intersect the interpreted position of the mineralised shear zone, drilling over the remaining 600m of strike length has successfully intersected copper-gold mineralisation on consecutive sections, confirming the mineralisation's internal continuity within the area drilled.

The presence of multiple copper-gold intercepts in numerous holes (e.g., 11BERC092 and 11BERC0101 – see Table 1) suggests that there is a strong likelihood that numerous **parallel zones of mineralisation** may be present, further reinforcing the size potential of the prospect.

The 3 diamond drill holes (11BERD0104 to 11BERD0106 – 1,184 metres) were designed to test the prospect's down-dip potential. As shown on Figure 4, the holes were spaced approximately 200 metres apart and tested the mineralisation between 220 and 325 metres vertically.

Each hole successfully intersected zones of shear – hosted quartz veining, disseminated and vein – hosted **copper sulphide (chalcopyrite – pyrite) mineralisation** ranging in downhole width from **0.3 to 15 metres**. The new intersections lie down dip of existing mineralised intercepts, reinforcing the prospect's **extensional potential** in the vicinity of the area drilled.

Hole 11BERD0104 also intersected a **new shallow zone** of shear – hosted quartz veining and brecciation, strongly disseminated and vein – hosted **copper sulphide (chalcopyrite – pyrite) mineralisation** over a downhole width of **16 metres**. The intercept lies approximately 100 metres west of the existing mineralisation and may represent a separate **parallel zone of copper – gold mineralisation**.

The northern most diamond drill hole (11BERD0106) also intersected two deeper zones (downhole widths of 5 and 10 metres) of strong quartz – carbonate veining, biotite alteration and copper sulphide (chalcopyrite – pyrite) mineralisation immediately east of the main mineralised zone within the adjacent gabbro wall rocks.

The gabbro – hosted zones within 11BERD0106 are potentially significant as Breakaway has previously intersected gold mineralisation (i.e. **12m @ 1.25g/t gold** from 104 metres in 11BERC0070 – ASX Release dated 16 August 2011) within the same rock type approximately 200 metres to the south.

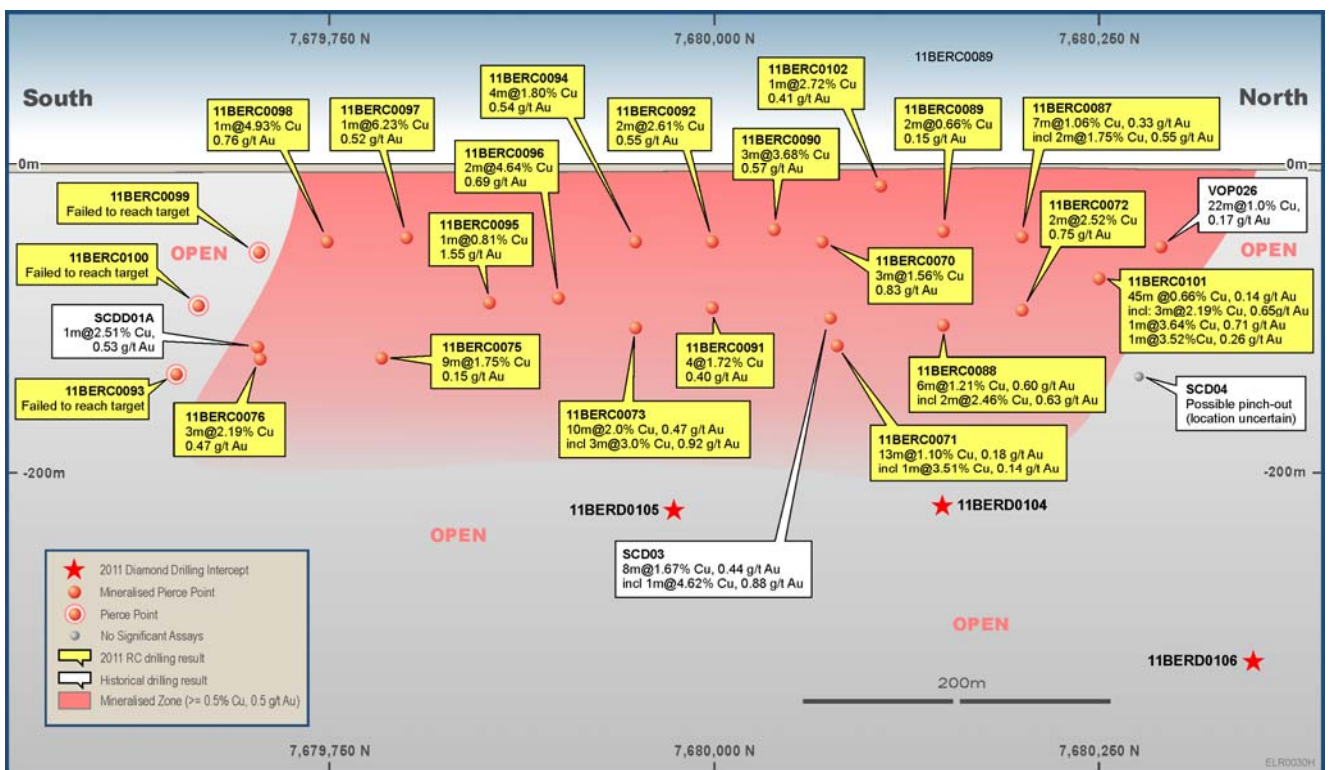


Figure 4: Sandy Creek Long Section showing position of new drillholes

It is expected that **assay results** for all holes will be received by **mid – late January 2012**, at which stage a full geological review and three dimensional modelling of the prospect will be undertaken. DHTEM surveying of the three diamond holes will also be undertaken during early 2012.

The strongly positive results received to date reinforce the Company's decision to focus its exploration efforts on evaluating the potential of the highly prospective Eloise Exploration Project. While **Sandy Creek** remains the focus at Eloise in the near term, the other prospects, in particular **Surprise Ridge** will be a key component of exploration activities to be undertaken during 2012.

### **Altia Joint Venture Project**

During the Quarter, BHP Billiton (**ASX: BHP** – “BHP Billiton”), completed 2 diamond drillholes (ADD11\_01 and ADD11\_02 - 2,404.5 metres) at the **Altia silver-lead-zinc joint venture**, located 70km south-east of Cloncurry in North Western Queensland (*Figures 2 and 3*).

The diamond drilling was carried out as a further test of the **Altia Deposit's** potential to host a world-scale silver-lead-zinc system, and successfully intersected thin zones of visible galena (lead) and sphalerite (zinc) mineralisation up to 340 metres down dip of the existing mineralisation, ranging in downhole width from **2.9 to 7.0 metres**.

The Company understands that assay results for the mineralised zones will be received during the March 2012 Quarter after which all data for the deposit will be reviewed in order to prepare future exploration proposals.

The area subject to the farm-in and joint venture agreement represents approximately 8km<sup>2</sup> (or approximately 2%) of Breakaway's Eloise Exploration Project and under the terms of the agreement, a 70% interest in the Altia silver-lead-zinc rights can be earned by completing total expenditure of A\$10 million over five years. This includes a minimum commitment, now satisfied, of \$1 million in the first year of the joint venture.

## **NICKEL EXPLORATION ACTIVITIES – WESTERN AUSTRALIA**

No nickel exploration activities were undertaken during the Quarter and in recognition of the Company's Queensland base metal focus, the future of the nickel assets continues to be strategically reviewed.

## **GOLD EXPLORATION ACTIVITIES – WESTERN AUSTRALIA**

### **Scotia Project Gold Rights**

The Scotia Project is highly prospective for gold as it lies within the Bardoc Shear Zone, a significant regional structure which hosts numerous gold deposits including the +1Moz Aphrodite Deposit (5 kilometres to the south) and the +5Moz Paddington Deposits (approximately 30 kilometres to the south). Additionally, a number of known gold prospects including the **Chameleon** prospect, and historical drill intersections lie within the Scotia Project's boundaries (*Figure 5*).

During the Quarter, Aphrodite Gold Limited (**ASX: AQQ** – “Aphrodite”) completed a 4 hole (666 metres) infill RC drilling program at **Chameleon**. While results are not expected until early 2012, information generated by the drilling will underpin a better geological understanding of the prospect

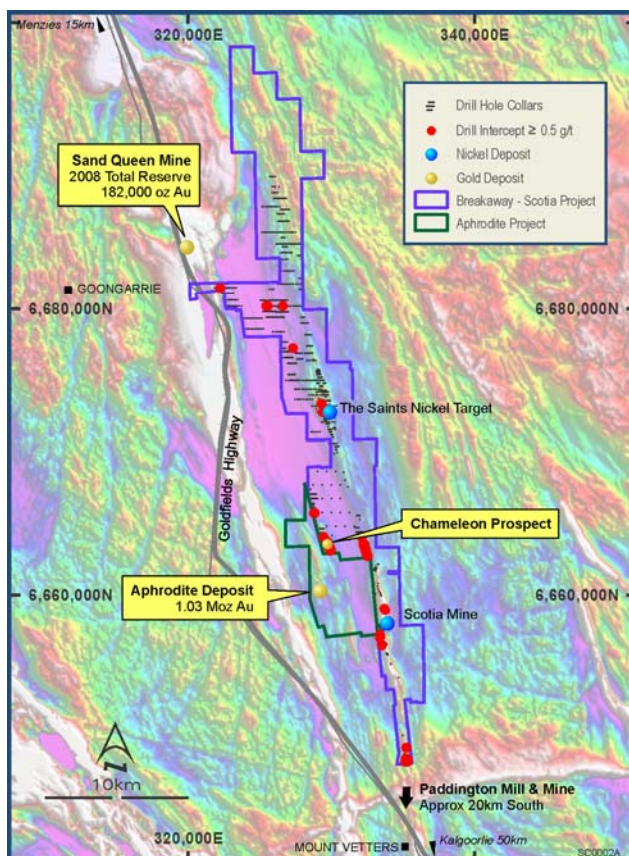


Figure 5: Scotia gold prospect locations.

and in turn, support the planning of a resource drilling program in 2012.

Gold mineralisation at **Chameleon** occurs within a steeply dipping, north plunging shoot that has been drilled on nominal 50 metre centres, over 600 metres strike and to a depth of 200 metres. Mineralisation remains open both at depth and along strike with numerous positive intersections returned from recent Aphrodite drilling including 12m @ 10.99g/t gold from 66 metres, 11m @ 2.05g/t gold from 129 metres, and 8m @ 1.51g/t gold from 227 metres.

The exploration activities were carried out under the terms of a Farm-in and Joint Venture Heads of Agreement whereby Aphrodite can earn up to an 80% interest in the Scotia Project Gold Rights by spending \$1.5M over a period of up to 4 years.

As announced on 23 December 2011, Aphrodite has now earned its initial 51% interest in the farm-in and joint venture, and is now earning an additional 29% interest (for a total 80% joint venture interest) by spending a further \$1.1 million on gold exploration within a period of up to three (3) years.

### **ELOISE COPPER MINE – QUEENSLAND (Breakaway 30% Net Profit Interest)**

The Company holds a 30% net profit royalty interest (after adjusting for prior losses) in the Eloise Copper Mine and the surrounding Mining Leases (covering a total area of 5kms<sup>2</sup>).

The owners of the Eloise Copper Mine, FMR Investments Pty Ltd, advised that operations at the mine continued to perform satisfactorily following recommencement of mining activities in January 2011 and recommissioning of the mill in May 2011.

While the Company doesn't factor in any royalty receipts from the 30% Net Profit Interest going forward, the re-opening of the mine is of strategic significance given the expended exploration activities in the area.

### **MISCELLANEOUS**

During the Quarter, Altia Resources Pty Ltd, a wholly owned subsidiary of the Company executed a Deed of Sale and Assignment with Hampton Hill Mining NL (ASX: **HHM** – "Hampton Hill"), whereby, subject to Ministerial Consent, it will acquire Hampton Hill's 18.73% interest in the Yillaree Joint Venture tenements, which forms part of the **Wildara Project Group** and are located within the Leinster Nickel District of Western Australia.

The acquisition was made for a cash consideration of \$64,700, and upon completion of the sale and purchase, Altia will have a 100% interest in the Yillaree tenements and the Yillaree Joint Venture will be terminated.

### **OUTLOOK**

The primary focus of activity for the March 2012 Quarter will be a geological review of the Sandy Creek prospect and the development of an exploration programme for the 2012 field season at the Eloise Exploration Project.



**DAVID HUTTON**  
Managing Director

**ENDS**

**Table 1 – Sandy Creek 2011 Infill Drilling Intercepts and Collar Details**

Hole ID	Prospect	Northing	Easting	Dip°	AziMag°	From	Width	g/tAu	%Cu	g/tAg	%Pb	%Zn
11BERC0087	Sandy Ck	7680200	479480	-60	90	14	2	0.31	1.18	4.8	-	-
"	"	"	"	"	"	28	1	0.36	0.97	3.1	-	-
"	"	"	"	"	"	40	1	0.03	0.85	5.4	-	-
"	"	"	"	"	"	48	2	0.63	0.77	5.2	-	-
"	"	"	"	"	"	53	7	0.33	1.06	4.0	-	-
<i>Including</i>						58	2	0.55	1.75	6.6	-	-
11BERC0088	"	7680150	479410	-60	90	106	1	0.06	1.56	6.2	-	-
11BERC0088	"	"	"	"	"	114	6	0.60	1.21	4.6	-	-
<i>Including</i>						118	2	0.63	2.46	9.4	-	-
11BERC0089	"	7680150	479470	-60	90	13	2	0.15	0.66	2.2	-	-
11BERC0090	"	7680040	479465	-60	90	14	2	2.07	0.04	-	-	-
"	"	"	"	"	"	42	1	0.13	1.18	7.3	-	-
"	"	"	"	"	"	47	3	0.57	3.68	11.7	0.07	0.69
11BERC0091	"	7680000	479400	-65	90	113	4	0.40	1.72	6.9	-	-
11BERC0092	"	7680000	479450	-65	90	37	2	5.23	2.08	8.3	-	0.42
"	"	"	"	"	"	67	2	0.55	2.61	13.9	-	0.57
11BERC0093	"	7679600	479600	-60	90	<i>NSI – hole failed to reach target depth</i>						
11BERC0094	"	7679950	479450	-60	90	60	4	0.54	1.80	16.6	0.14	2.85
11BERC0095	"	7679850	479500	-65	90	131	1	1.55	0.81	5.7	-	-
11BERC0096	"	7679900	479475	-65	90	44	2	0.69	4.64	46.3	0.76	2.03
11BERC0097	"	7679785	479525	-65	90	65	1	0.52	6.23	23.0	-	-
11BERC0098	"	7679740	479550	-60	90	37	1	0.76	4.93	9.4	-	-
11BERC0099	"	7679700	479565	-65	90	<i>NSI – hole failed to reach target depth</i>						
11BERC0100	"	7679650	479590	-65	90	<i>NSI – hole failed to reach target depth</i>						
11BERC0101	"	7680259	479470	-65	90	36	45	0.14	0.66	2.7	-	-
<i>Including</i>						36	3	0.65	2.19	6.3	-	-
<i>"</i>						48	1	0.71	3.64	43.6	0.69	2.05
<i>"</i>						58	1	1.03	1.40	4.0	-	-
<i>"</i>						70	4	0.13	1.16	4.8	-	0.13
<i>"</i>						80	1	0.26	3.52	18.2	-	4.6
11BERC0102	"	7680100	479479	-60	90	36	1	0.41	2.72	23.7	-	0.12
11BERC0103	"					<i>Not Sampled - Drilled as a Water Bore</i>						
11BERD0104	"	7680150	479320	-60	84	<i>Assays Awaited</i>						
11BERD0105	"	7679950	479340	"	"	<i>Assays Awaited</i>						
11BERD0106	"	7680350	479450	"	90	<i>Assays Awaited</i>						

**Notes:**

All Reverse Circulation and diamond drill hole results are obtained from analysis of 1 metre samples (unless otherwise specified). Sampling is undertaken following logging of geological boundaries within the drill hole. All samples are prepared and analysed at ALSGlobal Pty Ltd's Townsville Minerals Laboratory. Sample preparation is by pulverisation of the entire sample to a nominal 85% passing 75 microns in size (method LOG-23 / PUL-23). Base metal analysis is carried out by subjecting a 25-gram portion of the sample to a multi acid digest and analysing the sample by Inductively Coupled Plasma Atomic Emission Spectrometry (method ME-ICP61). Gold and precious metal analysis is carried by 25g Fire Assay and an AAS finish (method Au-AA25)

- Intersections are reported as down **hole widths**, not true widths.
- Reported intersections are calculated as length weighted average grades typically using the following cut off grades - a 0.5% copper, lead and zinc, and 0.5g/t gold and silver.
- Au – gold, Ag – silver, Cu – copper, Pb – lead, and Zn – zinc.
- The intersection obtained from 60 metres in 11BERC0094 was obtained from analysis of 4 metre composite samples.
- The location of drill holes were determined using a handheld GPS achieving +/- 4 metre accuracy - MGA datum (Zone 54).
- End of hole surveys were obtained using either an Eastman single shot survey camera or Reflex downhole survey tool.

**Table 2 – Altia 2011 Diamond Drilling Intercepts and Collar Details**

Hole ID	Prospect	Northing	Easting	Dip°	AziMag°	From	Width	g/tAu	%Cu	g/tAg	%Pb	%Zn
ADD11_01	Altia	7678550	496800	-60	263			Assays Awaited				
ADD11_02	"	7679200	496700	-60	259			Assays Awaited				

**Notes:**

All diamond drill hole results were obtained from analysis of 1-metre samples (unless otherwise specified). Sampling was undertaken following logging of geological boundaries within the drill hole. All samples were prepared and analysed at SGS Australia Pty Ltd's Townsville laboratory facility using a single stage mix and grind technique. Base metal analyses were carried out by subjecting a 50-gram portion of the sample to a mixed acid digest and analysing the sample by Inductively Coupled Plasma Optical Emission Spectrometry (ICP).

- Intersections are reported as down **hole widths**, not true widths.
- Significant results shown above are calculated using a 0.1%Pb, 0.1%Zn, and 1.0g/t Ag lower cut off. Drill hole intersection grades are length weighted averaged grades and do not take account of material density for each sample.
- Drill hole locations were determined using a handheld GPS achieving +/- 4 metre accuracy and using the AGD66 datum (Zone 54).

**Table 3. Scotia Project Chameleon Drilling Intercepts and Collar Details**

Hole ID	Prospect	Northing	Easting	Dip°	Azi Mag°	From (m)	Intercept Length (m)	g/t Au
CHR0017	Chameleon	6663074	329762	-60	90			Assays Awaited
CHR0018	"	6663265	329666	"	"			Assays Awaited
CHR0019	"	6663189	329681	"	'			Assays Awaited
CHR0020	"	6663159	329730	"	"			Assays Awaited

**Notes:**

- All Reverse Circulation drill hole results were obtained from analysis of 1-metre samples for gold only.
- Gold analysis was by the Fire Assay 50 gram method with an AAS finish.
- Reported intersections are calculated as length weighted average grades using a 0.5 g/t gold cut off grade.

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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 David Hutton (Managing Director), a full time employee of the Company. Mr Hutton is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). He has 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.

**Mr Hutton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.**

Information in this report that relates to the Scotia Project Gold Rights Joint Venture reflects information compiled by Leon Reisgys (FAusIMM) and Exploration and Development Director of Aphrodite Gold Ltd who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is reporting on as a competent person as defined in the 2004 Edition of "The Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves."

**Mr Reisgys consents to the inclusion in this report of the matters based on the information compiled by him, in the form and context in which it appears.****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 Wildara and Miranda Projects (nickel) located within the Leinster District of Western Australia's North Eastern Goldfields; two areas that we believe offers the most attractive opportunities for future success.