



## Chairman's Address – 2011 Annual General Meeting

Good afternoon Ladies and Gentlemen and welcome to Breakaway's 2011 Annual General Meeting.

While the past year has not been without its challenges, I am pleased to report that Breakaway successfully executed important drilling programs at both our nickel projects in Western Australia and our copper-gold projects in North Queensland, resulting in positive outcomes for the Company and creating a clear forward pathway in terms of exploration and corporate priorities.

The strategic project review completed last year enabled us to prioritise our exploration approach, resulting in a dual-commodity program for 2011 comprising:

- preparatory geophysics and a second phase of drilling at key nickel targets at the Wildara Project Group and Miranda Project in the Leinster Nickel District of Western Australia; and
- the commencement of a new copper-gold exploration initiative at our 100 per cent owned Eloise Exploration Project, a 400km<sup>2</sup> tenement package surrounding the Eloise Copper Mine in the Cloncurry District of North Queensland.

Our exploration programs for 2011 were underpinned by a \$3.8 million capital raising (before costs) completed at the end of 2010 which comprised a well-supported Share Purchase Plan (SPP) to raise \$3.3 million and a subsequent placement to raise \$0.5 million. This boosted our cash position to \$4.7 million at the start of the 2011 calendar year.

The 3,400m program of RC and diamond drilling completed at the Wildara and Miranda Nickel Projects during the year did nothing to diminish our view that these projects offer an outstanding opportunity to discover high-quality nickel sulphide resources. However, while drilling confirmed the presence of the prospective ultramafic host horizon for nickel sulphide mineralisation at several key target areas, we were not able to generate any economic intersections.

Given the fact that nickel sulphide exploration generally requires a fairly lengthy time horizon and a sustained funding commitment, the Board has placed the future of Breakaway's Leinster District nickel projects under review. These projects offer enormous potential given their strategic location within the world-class Leinster Nickel District, which has a total nickel metal endowment exceeding 9 million tonnes.

At the same time, the re-commissioning of the Eloise Copper Mine in North Queensland by the owner, our second largest shareholder FMR Investments Pty Ltd, together with a sustained increase in the copper price and robust market outlook, provided a strong strategic imperative to ramp up copper exploration at the Eloise Project in North Queensland.

Mining activities at Eloise recommenced on 15 January 2011, and the processing facility was re-commissioned in May. Breakaway holds a 30 per cent Net Profit Interest in the mine (adjusted for prior losses).

As I have outlined previously, Breakaway does not factor in any royalty receipts going forward, however the re-opening of the mine is of strategic significance and provided impetus to our expanded exploration activities in the area.

Following an initial major review of historical data for the Eloise Exploration Project, our geological team was able to identify a host of bedrock copper targets within a 20km radius of the Eloise Copper Mine. These targets are typically characterised by +1 per cent copper intercepts (up to 4 per cent copper), highly anomalous gold results, limited drilling and excellent extensional potential.

None of these targets have received meaningful exploration attention over the past 10-15 years, creating a significant opportunity for Breakaway in the current environment.

Drilling commenced at the Eloise Project in July 2011, initially with 5,000m of Reverse Circulation drilling being undertaken at four priority targets – Surprise Ridge, Roberts Creek, Sandy Creek and Coral Reef, with significant results received from two prospects, Surprise Ridge and Sandy Creek.

At Surprise Ridge, four holes were drilled to test the target with significant intercepts including:

- 1m @ 31.7g/t gold and 7.10g/t silver from 114 metres; and
- 11.0m @ 3.42% zinc, 0.97% lead and 13.90g/t silver from 188 metres, including 2.0m @ 7.40% zinc, 4.04% lead and 57.40g/t silver from 193 metres.

The mineralisation remains open down-dip and along strike to the north, and warrants follow-up drilling.

Of potentially greater importance, drilling at Sandy Creek has identified a significant new copper system which displays strong geological similarities to the nearby Eloise Copper Mine.

Drilling on 50 metre – spaced sections has now intersected mineralisation over a strike length of 600 metres to 120 metres vertical with significant intercepts including:

- 10m @ 2.0% copper and 0.47g/t gold from 121 metres including 3m @ 3.0% copper and 0.92g/t gold from 128 metres;
- 3m @ 2.2% copper and 0.47g/t gold from 146 metres;
- 1m @ 6.23% copper and, 0.52g/t gold, from 65 metres; and
- 3m @ 3.68% copper and 0.57g/t gold from 47 metres.

The mineralisation remains open in all directions and given the prospect's close proximity to the Eloise Copper Mine, we believe that there is excellent potential to quickly generate an economic resource at Sandy Creek. This will be a strategic focus for the Company in the coming months.

Diamond drilling to test the prospect's depth potential is currently underway and we look forward to reporting the results in due course.

Turning to other projects, BHP Billiton completed an initial deep diamond drilling program during the year at the Altia Joint Venture Project in North Queensland, enabling it to complete its initial minimum expenditure of \$1 million. This drilling has established the broader geological setting of the deposit and identified a new zone of zinc mineralisation within the parallel-trending Dingo Trend.

Altia – which currently has a JORC Code compliant Inferred Resource of 5.78Mt @ 3.96% lead, 40.3g/t silver and 0.49% zinc (229,000t of contained lead and 7.5Moz of contained silver) – offers exciting exploration potential for a large-scale Cannington-style base metals deposit.

Following a geological and commercial review of the initial drilling results, BHP Billiton commenced a 2,000 metre diamond drilling programme in late September and at the time of writing, was well underway. Under the terms of the joint venture, BHP can earn a 70 per cent interest in the silver-lead-zinc rights within an 8km<sup>2</sup> area by spending \$10 million over five years.

One of the other key outcomes of the strategic project review completed last year was to identify those assets within our portfolio which are likely to require either a longer lead time or additional external funding in order to realise value for Breakaway shareholders.

Consistent with the outcomes of this review, we concluded an agreement to divest our tenement interests in the East Kimberley region during the year to Panoramic Resources for \$0.36 million in cash, as well as a joint venture with Aphrodite Gold to earn up to an 80 per cent interest in the gold rights of the Scotia Nickel Project.

Aphrodite Gold has since completed out a 3,170 metre RC drilling program at the Chameleon prospect and reported some very encouraging high-grade results.

In summary, I am confident that Breakaway can look to the future with a renewed sense of purpose, confidence and enthusiasm.

I would like to take this opportunity to thank our Managing Director, David Hutton, and his team for their hard work and dedication during the year, and my fellow Directors for their input over the course of the year.

I would also like to thank our shareholders for their support, particularly those that participated in our recent \$1.1M Placement, the proceeds from which will underpin the Company's continuing exploration activities at the Eloise Exploration Project.

Breakaway has much to look forward to in the months ahead and I look forward to continuing to report on our progress.

Thank you for your attention and I would like to take this opportunity to wish you well for the festive season and for a prosperous and successful 2012.



**John Atkins**

Chairman

**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 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.