



Activity Report for the Quarter Ended 30 September 2012

Breakaway secures \$8M JV with Sandfire and strategic investment, delivers maiden Sandy Creek resource

Highlights:

Base Metal Exploration – Queensland

- Maiden Inferred Resource of 2.06Mt grading 1.42% Cu and 0.33g/t Au containing 29,400t of copper and 21,900oz of gold completed for the Sandy Creek Project, North Queensland.
- Resource encompasses the Sandy Creek Main Zone and Western Zone, both of which remain open down-plunge and at depth.
- Diamond drilling program commenced at Sandy Creek on 14 October aimed at extending and upgrading the existing JORC resource and obtaining drill core for metallurgical test work.
- Farm-in Joint Venture agreement signed with leading Australian copper producer Sandfire Resources for the Broader Altia Project in NW Queensland, targeting all minerals.
- Sandfire to spend A\$4M over 3 years to earn an initial 60% interest, with the option to increase to 80% through further expenditure of A\$4M over 3 years.
- A technical review of the Broader Altia Project has been completed with a diamond drilling program expected to be carried out in the December Quarter.

Nickel Exploration – Western Australia

- Agreement reached with Agnew Gold Mining Company to dissolve the mining rights arrangements in respect of the Vivien and Miranda tenements in Western Australia.
- The future of the Company's remaining nickel projects in WA continues to be strategically reviewed, with discussions underway with various parties.

Gold Exploration – Western Australia

- Agreement reached with Mithril Resources to sell the Spargos Reward tenements, part of Breakaway's West Kambalda Project, for \$200,000 in cash.
- Breakaway retains all Nickel Rights on the Spargos Reward tenements.

Corporate

- Sandfire Resources acquired a strategic stake in Breakaway at a significant premium to market by injecting A\$600,000 to boost its working capital for ongoing copper-gold exploration in NW Queensland.
- A Share Purchase Plan is underway to eligible shareholders to raise up to \$1.5M to underpin ongoing copper-gold exploration programs at the Eloise Project, North Queensland.

OVERVIEW

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

Breakaway is focused on evaluating the potential of the highly prospective Eloise Copper-Gold Exploration Project, located within the Cloncurry District of North West Queensland – a region which the Company believes offers the best chance for exploration success in the short term.

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 Eloise Project lies immediately adjacent to FMR Investments Pty Ltd's Eloise Copper Mine, where mining recommenced in January 2011 (*Figure 2*).

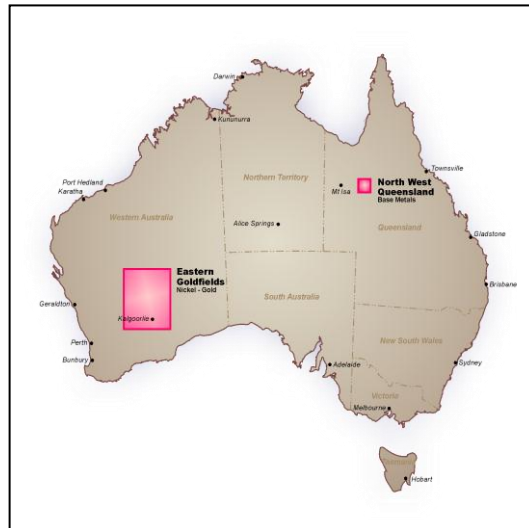


Figure 1: Breakaway Project Locations

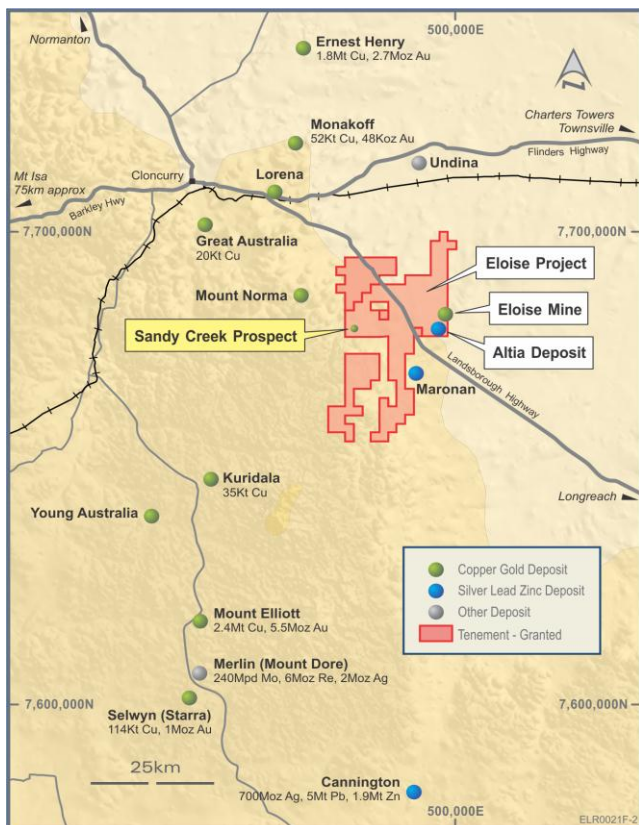


Figure 1: Eloise Exploration Project Location Plan

10 Reverse Circulation holes (12BERC0107 to 12BERC0116 – *Table 1*) totalling 2,508 metres were drilled in May/June 2012 to test a strong down-hole EM (DHTEM) conductor, obtained in late 2011, which potentially represents a high-grade shoot or core within the prospect's Main Zone of copper-gold mineralisation, and to test the extensional potential of the newly discovered Western Zone.

The drilling was successful in achieving both of these objectives, confirming that a significant copper-gold system exists at Sandy Creek.

Based on the positive and encouraging drill results received, Breakaway engaged independent mining consultants Optiro Pty Ltd to undertake an initial resource estimate, to be reported in accordance with the JORC Code, for the Sandy Creek Project.

A maiden Inferred Resource, comprising **2.06 million tonnes grading 1.42% Cu and 0.33g/t Au** containing **29,400 tonnes** of copper metal and **21,900 ounces** of gold was subsequently calculated.

Most of the resource (1.6Mt grading 1.46% Cu and 0.35g/t Au) is contained within the Sandy Creek Main Zone, with the balance lying within the newly discovered Western Zone (*full details of the resource are provided in Table 2 of this report*). The Main Zone extends over a strike length of 700 metres and to a vertical depth of 200 metres, with the resource remaining open both to the north and down-plunge to the south (*Figure 2*).

The down-plunge extensions to the south will be a particular focus for the next phase of drilling, with the stronger widths and grades of mineralisation achieved from drilling in this area indicating the potential for plunging high-grade shoots typical of the mineralisation at the Eloise Copper Mine, located approximately 20km east of Sandy Creek. Some of the more significant intersections from this drilling are shown in *Figure 2*.

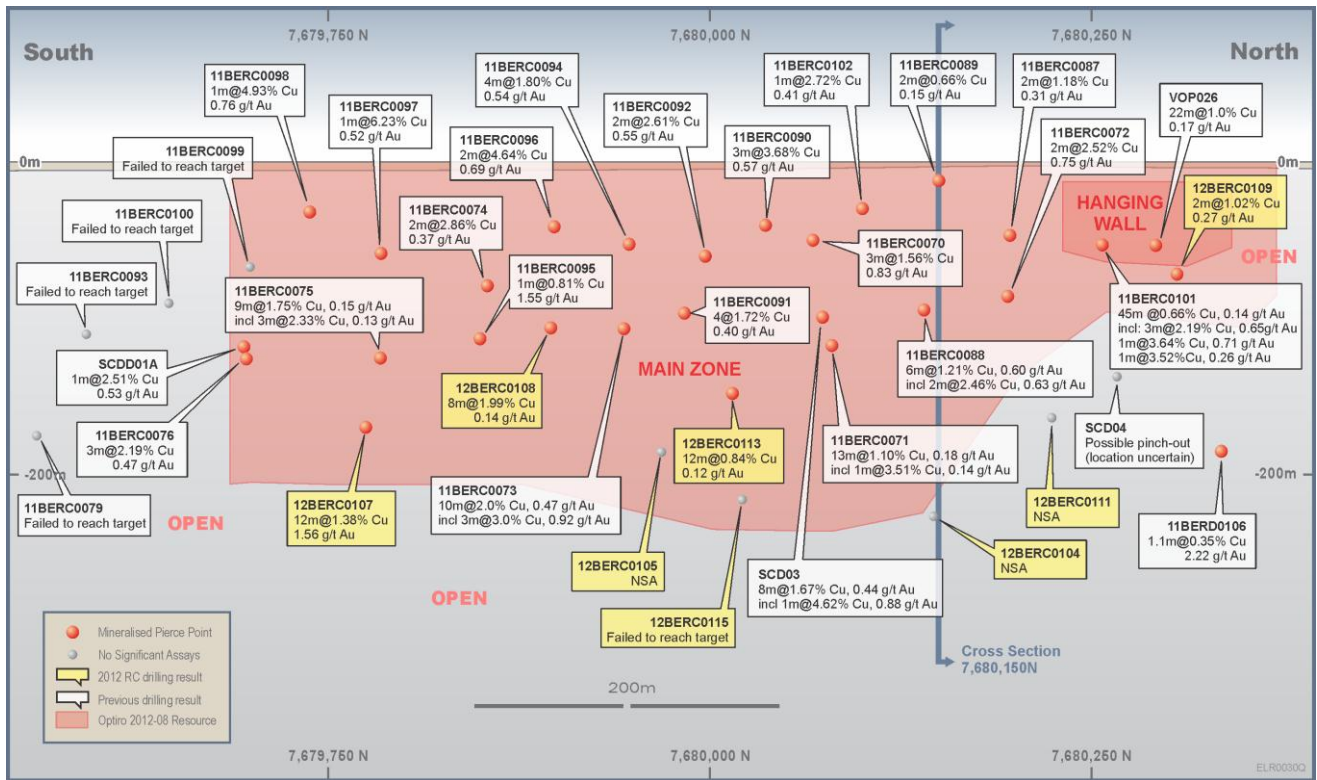


Figure 2: Sandy Creek Project Long Section showing the Main Zone resource

The Western Zone, which is located 100m west of the Main Zone, was discovered last year and has since been defined over a strike length of 190m and to a vertical depth of 150m (Figure 3). The mineralisation remains open in most directions and requires further drilling, as highlighted by the intersections in Figure 3.

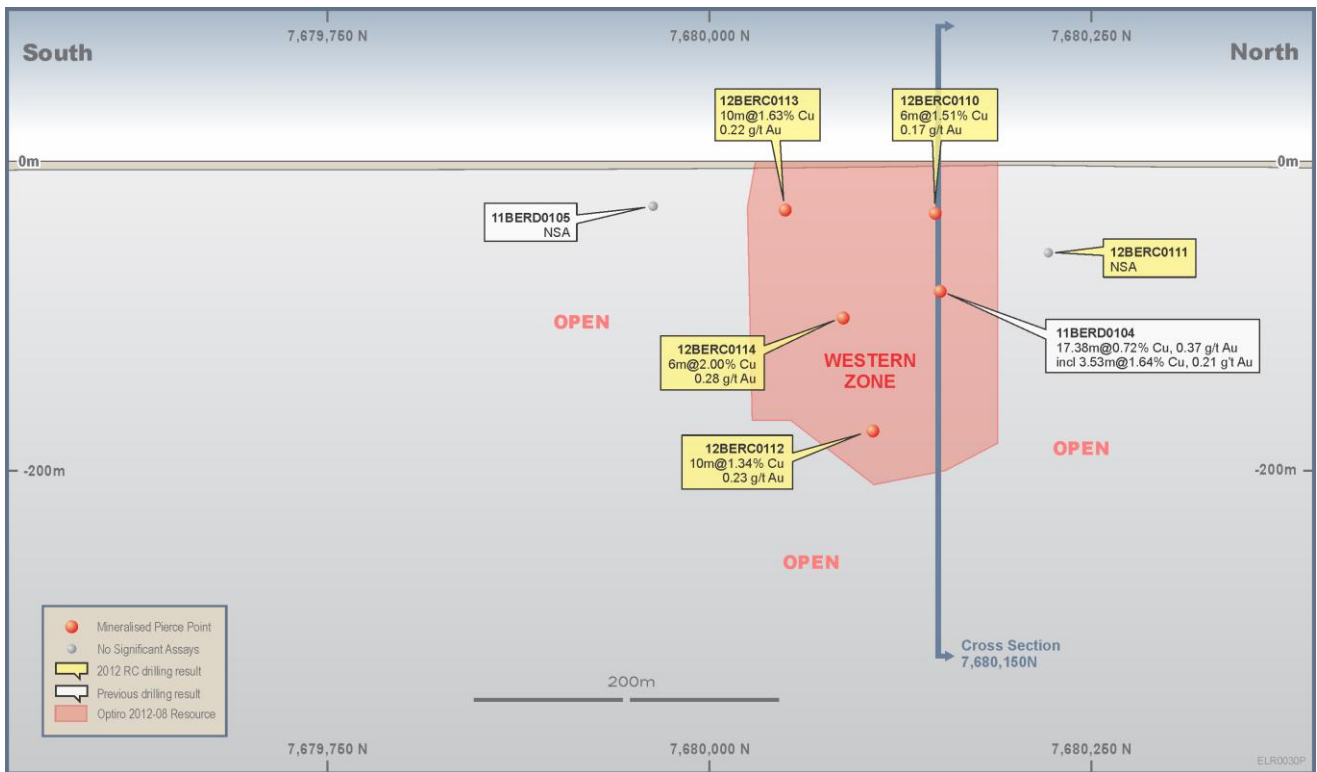


Figure 3: Sandy Creek Project Long Section showing the Western Zone resource

A cross-section through the Main Zone and Western Zones (Figure 4) shows the down-plunge extensional potential of the mineralisation.

It also indicates that the Western and Main Zones may together form part of a broader mineralised system.

Next Steps at Sandy Creek

Planned work for the December Quarter includes a diamond drill program to test the down-plunge potential of the identified higher-grade/thicker zone that plunges to the south where down-hole EM conductors exist and to test the underground potential of an “Eloise type” position. The diamond drilling will also provide core for metallurgical test work and will help in understating the structures and orientation of the Sandy Creek deposit.

Additionally, the estimation of a maiden resource at Sandy Creek together with the recent Joint Venture with Sandfire Resources has further highlighted the regional potential of the broader Eloise project.

Planning is underway to re-evaluate significant regional targets, such as Surprise Ridge (see ASX Announcement – 11 August 2011) together with systematic testing of regional targets developed in strategic planning over the past 12 months.

Subsequent to the end of the Quarter, Breakaway commenced a follow-up diamond drilling program at Sandy Creek on 14 October.

Broader Altia Project

During the Quarter, Breakaway reached agreement with Sandfire Resources NL (ASX: SFR) to farm-in to the broader Altia Project, located 70km south-east of Cloncurry in north-west Queensland (Figure 5).

The tenements encompassed by the Joint Venture include the Altia Deposit, where Breakaway has delineated a maiden Inferred Mineral Resource (Table 3), the Boralis prospect to the North, as well as a tenement to the south incorporating the Coral Reef prospect (Figure 5).

Under the Joint Venture agreement, Sandfire can earn an initial 60% interest by spending A\$4 million on exploration over a three-year period, and can then elect to increase its stake to 80% by spending a further A\$4 million over the subsequent three years. Sandfire can withdraw after spending a minimum of A\$1 million within the first year of the Joint Venture.

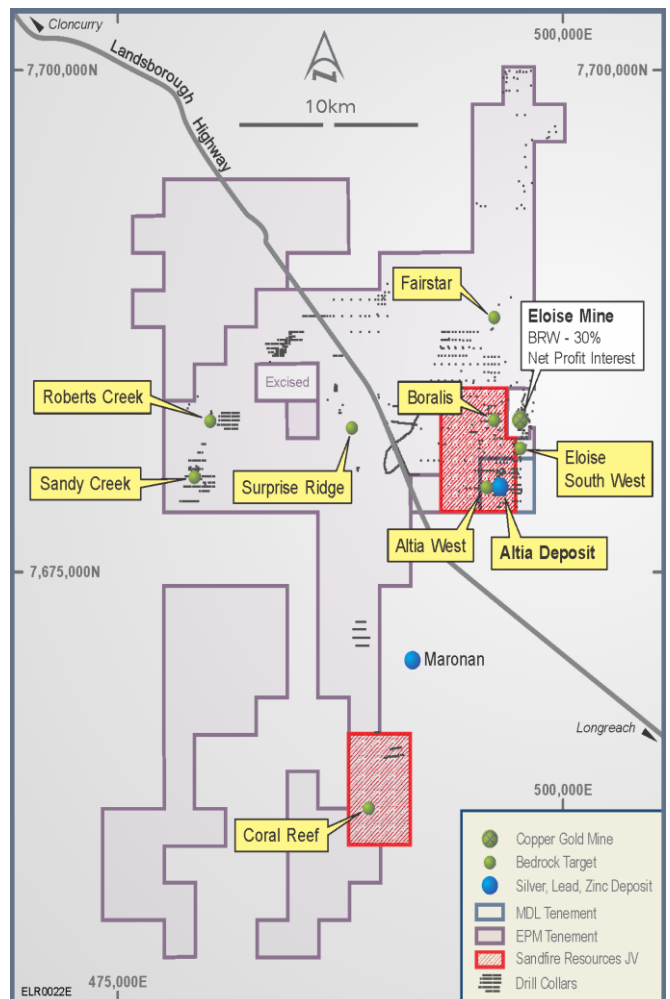
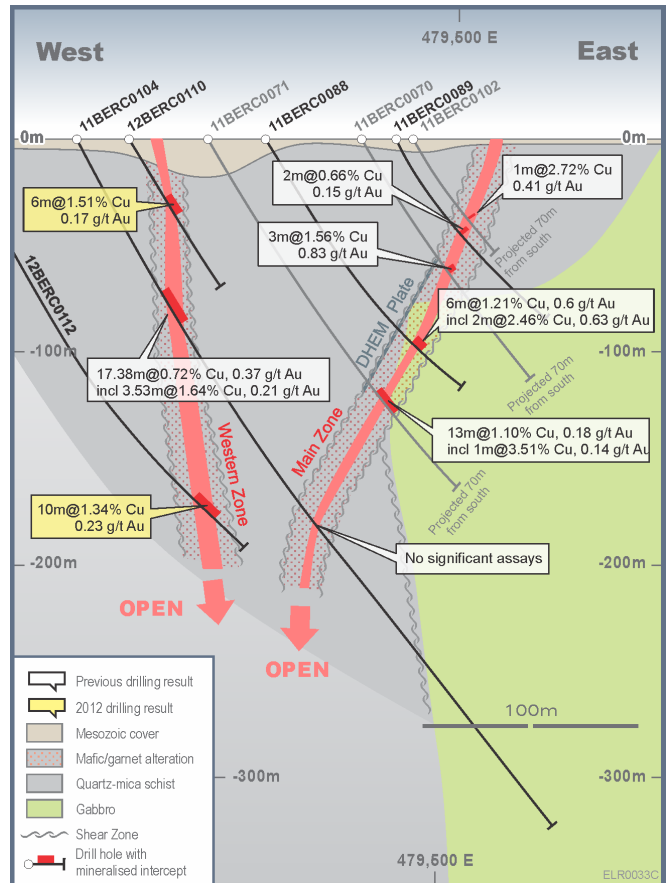


Figure 5: Sandfire JV locations (in red)

Drilling conducted during 2010 and 2011 has demonstrated that the Altia Deposit lies within a broad mineralised system with silver-lead-zinc mineralisation drill-defined over a strike length of 1.2km and to a vertical depth of 800 metres.

Sandfire has completed a review of the broader Altia Project and believes that the Altia deposit may form part of a larger regional structure extending from Boralis in the north, through Altia and south through the Maronan deposit (not on Breakaway's ground) to Coral Reef (*Figure 5*).

Accordingly, the new Joint Venture area encompasses a broader northern tenement area covering a total area of 24.6 km² which includes the Altia deposit, the Altia West Copper Target, the Altia North Silver Target and the Boralis prospect. The southern tenement area covers an area of 19.1 km² and includes the Coral Reef prospect.

During the December Quarter, Sandfire plans to conclude a technical review on the prospects identified on the Joint Venture tenements and commence a diamond drilling program.

NICKEL EXPLORATION ACTIVITIES – WESTERN AUSTRALIA

During the Quarter, Breakaway reached an agreement with Agnew Gold Mining Company Pty Ltd ("AGMC") to close out the mining rights arrangements in respect of the **Vivien and Miranda tenements** in Western Australia, located 6km south of Jubilee's Cosmos-Prospero nickel complex and 40km north-west of Breakaway's Wildara Project.

The settlement involves Breakaway transferring its mining tenements M36/166 – M36/168 and M36/123 (four tenements) to AGMC, in return for a reduced liability in Breakaway's share of rates and taxes associated with the cost of maintaining the Vivien and Miranda tenements in good standing.

No nickel exploration activities were undertaken on any of the tenements during the Quarter in light of the Company's continued focus on its copper-gold projects in North Queensland. The future of Breakaway's nickel assets continues to be strategically reviewed with discussions underway on potential farm-in joint ventures.

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

The Company holds a 30% net profit royalty interest (after adjusting for prior accumulated losses) in the Eloise Copper Mine and surrounding Mining Leases, which cover a total area of 5km². The Eloise Mine re-commenced mining operations in January 2011 after the mine had been placed on care and maintenance in December 2008, and the mill was successfully re-commissioned in May 2011.

The owners of the Eloise Copper Mine, FMR Investments Pty Ltd, have advised that operations at the mine continued to perform satisfactorily during the Quarter.

The Company has previously advised that it was not factoring any royalty receipts from Eloise going forward. In recent discussions with FMR Investments, they have confirmed that, after taking into consideration the level of accumulated losses of the operation, the current environment of high operating costs, the strong Australian Dollar and the size of the remaining mining inventory, it is unlikely that the company will receive any royalty receipts over the remaining life of the Eloise Operation. This is currently estimated to be between 2 and 3 years.

The Company will continue to monitor the progress of the Eloise operation and will keep the market informed accordingly. The Eloise Mine remains of strategic significance to the Company given the extensive exploration activities being undertaken in the area and the potential to unlock the value of any new copper-gold resource discovered in the region.

Scotia JV – WESTERN AUSTRALIA (Aphrodite Gold earning 80%)

During the September Quarter planning for an RC drill program commenced with Aphrodite Gold undertaking a review of previous exploration work completed by Breakaway and other companies. These tenements are located approximately 6km southeast of the Aphrodite Gold Deposit and host a number of significant gold targets. Programs of Works for drilling on these tenements have been prepared and submitted to the Department of Mines and Petroleum for approval.

OTHER PROJECTS

West Kambalda Tenements

During the Quarter, Breakaway reached agreement with Mithril Resources to sell the Spargos Reward tenements for \$200,000. The Spargos Reward tenements form part of Breakaway's Kambalda West Project, which is located 60km south of Coolgardie on the Coolgardie-Esperance Highway (Figure 6).

The sale, which encompasses Prospecting Licences 15/4876 - P15/4883 and 15/4866 (9 tenements), excludes the Nickel Rights over the tenements (which will be retained by Breakaway) and is conditional on completion of due diligence and successful renewal of the tenements by Breakaway before their expiry.

The tenement sale is consistent with Breakaway's previously announced strategy of rationalising its extensive Australian minerals portfolio, thereby allowing the Company to focus its ongoing exploration activities on the highly prospective Eloise Project in Queensland.

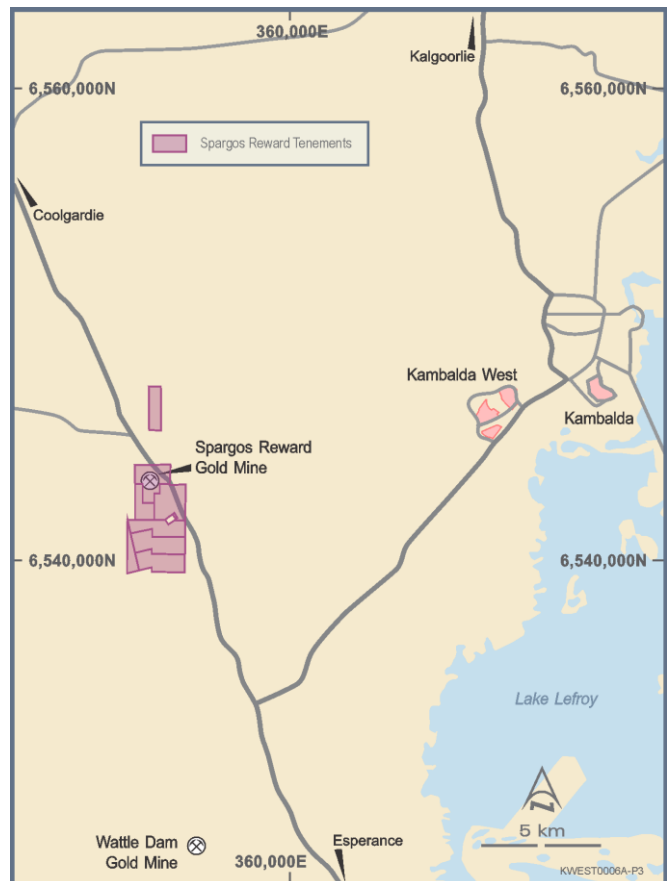


Figure 6: Spargos tenements locations

CORPORATE

Sandfire Resources – Strategic Investment

Following the execution of the Broader Altia Project JV with Sandfire Resources, Sandfire entered into a Subscription Agreement with Breakaway under which it has made a strategic investment in the Company by subscribing for 26,086,956 fully paid ordinary Breakaway shares for a total investment of \$600,000.

Following completion of the transaction, Sandfire is now Breakaway's third largest shareholder with a 6.3% stake. The placement was made in accordance with the Company's available 15% placement capacity pursuant to ASX Listing Rule 7.1.

September 2012 – Share Purchase Plan

Breakaway has launched a Share Purchase Plan ('SPP') which entitles eligible shareholders to purchase up to \$15,000 worth of fully-paid ordinary shares at a subscription price of 2.9 cents per share, free from all brokerage and commissions, to raise up to \$1.5 million, with the Directors having the discretion to increase the offer to a maximum of \$2 million if oversubscribed.

The Company will apply for quotation of the new shares raised under the SPP, which will rank equally in all respects with existing Breakaway fully paid ordinary shares.

The subscription price of the shares to be offered under the SPP represents an 11.5% discount over the 5-day VWAP and a 17% discount to the market close price as of the record date, which was 24 September 2012. The offer has been priced attractively to provide all eligible shareholders with the opportunity to participate.

The Directors of Breakaway have advised their intention to take up their maximum entitlement allowed under the SPP. The SPP opened on 1 October 2012 for a period of 28 days with shareholders registered as at 5:00pm (WST) on 24 September 2012 eligible to participate in the offer.

The funds raised under the offer will be used for exploration drilling at the Eloise Exploration Project in North Queensland and for working capital.

OUTLOOK

The primary focus of activity for the December 2012 Quarter will be successful completion of the Share Purchase Plan, a safe and productive drilling program at Sandy Creek and the identification and prioritisation of the various regional targets within the Eloise Exploration Project.

In addition, work will commence on re-estimation of the Sandy Creek resource and on a Scoping Study on the Sandy Creek Project. Drilling is also scheduled to commence in the near term at the Altia Project under the newly established farm-in joint venture with Sandfire Resources.



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ENDS

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Competent Persons Statement:

The information in this report that relates to Exploration Results is based on information compiled by Mr Michael Robinson (Project Geologist), a full time employee of the Company. Mr Robinson 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 Robinson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the estimation of the Sandy Creek Mineral Resource was compiled by Mr Michael Andrew. Mr Andrew is a full time employee of Optiro mining consultants. Mr Andrew is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 Andrew consents to the inclusion of this information in the form and context in which it appears in this announcement.

The information in this report that relates to the estimation of the Altia Mineral Resource was compiled by Mr Ivor Jones. Mr Jones is a full time employee of Snowden Mining Industry Consultants. Mr Jones is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 Jones consents to the inclusion of this information in the form and context in which it appears in this announcement.

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 an area that we believe offers the most attractive opportunities for future success.

Table 1 – Sandy Creek 2012 Drilling Intercepts and Collar Details

Hole ID	Prospect	Northing	Easting	Dip°	AziMag°	From	Width	g/tAu	%Cu	g/tAg	%Pb	%Zn
12BERC0107	Sandy Ck	7,679,800	479,390	-60	90	218	12	1.56	1.38	8.03	-	-
12BERC0108	Sandy Ck	7,679,900	479,380	"	"	128	8	0.14	1.99	6.44	-	0.28
and						156	4	0.45	1.99	9.55	-	-
12BERC0109	Sandy Ck	7,680,320	479,470	"	"	46	2	0.27	1.02	2.5		
12BERC0110	SC-WZ	7,680,150	479,350	"	"	36	6	0.17	1.51	3.48	-	-
12BERC0111	Sandy Ck	7,680,250	479,320	"	"	NSI						
12BER0112	SC-WZ	7,680,150	479,260	"	"	213	10	0.23	1.34	2.65	-	-
12BERC0113	SC-WZ	7,680,050	479,340	"	"	32	10	0.22	1.63	3.36	-	-
and	Sandy Ck					186	12	0.12	0.84	2.98	-	-
12BERC114	SC-WZ	7,680,100	479,300	"	"	118	6	0.28	2	5.48	-	-
12BERC0115	Sandy Ck	7,679,899	479,378	-70	"	NSI – hole failed to reach target						
12BERC116	Sandy Ck	7,680,220	479,340	-60	"	NSI						

Notes:

All Reverse Circulation drill hole results are obtained from analysis of 2 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 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 – Sandy Creek Mineral Resource

Sandy Creek Mineral Resource						
August 2012						
Classification	Zone	Mt	Cu (%)	Au (g/t)	Contained Cu (t)	Contained Au (oz)
Inferred	Main - East	1.60	1.46	0.35	23,300	17,900
	Main - Hanging wall	0.05	1.23	0.37	700	600
	West	0.41	1.31	0.25	5,400	3,400
	TOTAL	2.06	1.42	0.33	29,400	21,900

Criteria	Explanation
Estimation and modelling techniques	<p>Drillhole sample data was coded by wireframes using numerous codes derived from mineralisation and geology wireframes.</p> <p>Sample data within the mineralisation envelope was composited to one meter lengths using a best fit method. Unsampled intervals were excluded from the compositing routine.</p> <p>Extreme grade outliers within each domain grade population were cut based on a combination of histogram and log probability plot analysis. Copper samples were top cut to 6.5% in domain 1 and 3.5% in the other domains. Gold samples were top cut to 2.5 ppm in domain 1 and 1.5 ppm in the other domains. In total, few samples were cut.</p> <p>Directional normal scores variograms were calculated and modelled for domain 1 only due to the paucity of data. Variogram ranges show copper continuity of 115 m along strike, 90 m down dip and 5.5 m across strike and gold continuity of 115 m along strike, 80 m down dip and 6.5 m across strike. Copper and gold grade continuity analysis matched the interpreted trend of the domains and also showed a southerly plunge of approximately -20°. Nugget variances were 41% for copper and 38% for gold and are considered acceptable for this style of deposit. Variography from domain 1 was applied to the remaining domains.</p> <p>Cu (%) and Au (ppm) were estimated by Ordinary Kriging into parent cells of 10 mE by 25 mN by 10 mRL. Parent cells were subdivided to 1 mE by 0.5 mN by 1 mRLsubcells as required for volume resolution.</p> <p>During the estimation, search variograms for each element were set to the maximum ranges of the copper variogram to ensure identical sample neighbourhoods have been used. Three search passes, with increasing ranges and decreasing minimum sample numbers, have been used to ensure the maximum number of blocks have been estimated. A total of 59% of the blocks by volume were estimated in search pass 1, 29% in search pass 2 and 10% in search pass 3. A total of 2% of the blocks were un-estimated. Un-estimated blocks have been assigned the average grades for both copper and gold per domain. A hard boundary was used between mineralisation domains. Estimation was not completed on the oxide domains due to the lack of data support.</p>
Moisture	Tonnes have been estimated on a dry basis.
Cut-off parameters	Mineralisation was interpreted above a nominal 0.3% Cu cut-off. Resources are reported above a 0.3% Cu cut-off.
Metallurgical factors or assumptions	No metallurgical assumptions have been built into the resource estimate.
Bulk density	Density was assigned based on historical data supplied by Breakaway Resources, from the geologically similar Eloise mine. All primary mineralisation was assigned a density of 2.9 t/m ³ . Oxide mineralisation was assigned a density of 2.4 t/m ³ . Fresh waste material was assigned a density of 2.6 t/m ³ and oxidised waste a density of 2.2 t/m ³ .
Classification	The resource has been classified as Inferred based on data quality, drill hole spacing and geological continuity.
Block model verification	The OK model was validated against the input drillhole composites and the declustered drillhole samples for each domain. Swath plots were used to compare the declustered drillhole data to the model by northing, easting and elevation slices.

Table 3 – Altia Mineral Resource

Notes Specific to the Resource Estimation of the Altia Silver-Lead Deposit, Eloise Project

A resource estimate was carried out by Snowden Mining Industry Consultants Pty Ltd in November 2007 in accordance with the 2004 Guidelines of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. An Inferred Mineral Resource of 5.8Mt @ 4.0% Pb, 40 g/t Ag and 0.5% Zn has been estimated for the Altia Deposit.

Table 6: Altia Deposit Mineral Resource

Lens	Tonnes (Mt)	Pb (%)	Contained Pb Metal * (t)	Ag g/t	Contained Ag * (Moz)	Zn (%)	Contained Zn Metal * (t)
Lens 1 (Upper)	3.9	4.1	159,000	32	4.0	0.4	17,000
Lens 2 (Lower)	1.9	3.8	70,000	57	3.4	0.6	12,000
Total	5.8	4.0	229,000	40	7.5	0.5	29,000

Methodology:

Estimation of silver, lead and zinc grades and density within each of the interpreted lenses was completed using the ordinary kriging interpolation technique within MineSight software. Compositing honoured the interpreted geological boundaries and was completed to a 2.0 m length. Composite samples were coded by lens so that only samples within a single lens were used for grade estimation of that particular lens. A block size of 10 m E x 50 m N x 25 m elevation was selected and block percentages for each lens were recorded into the MineSight block model. The total resource estimate for each lens has been derived by weighting the estimated silver, lead and zinc grades for each block by the estimated tonnage for each lens within each block.