



Chairman's Address – 2012 Annual General Meeting

I would like to begin my address with a brief overview of the progress made over the past year in advancing our North Queensland copper-gold projects before touching on the outlook for the year ahead.

Our focus on copper-gold in North Queensland is consistent with the outcomes of the strategic project review completed last year, which has enabled us to prioritise our exploration focus on our flagship Eloise Project.

We believe that this Project, which is located in the heart of the world-class Mount Isa-Cloncurry district, offers the best opportunity to add value to the Company and to put Breakaway on a path to making the all-important transition from explorer to producer.

The location of these tenements immediately surrounding the operating Eloise Copper Mine provides a strong impetus for any new copper-gold discoveries, enhancing their development potential given the proximity to an operating treatment facility.

Our work programmes during the year at the Eloise Project have included over 4,000m of Reverse Circulation and diamond drilling, mostly focused on the advanced Sandy Creek Project, as well as a detailed review of numerous exciting exploration prospects within a 20km radius. None of these targets have received any meaningful exploration attention over the past 10 to 15 years, creating a significant opportunity for Breakaway.

The drilling program completed at Sandy Creek laid the foundations for a maiden Inferred Resource in September 2012, containing over 29,000 tonnes of copper metal and approximately 22,000 ounces of gold.

More importantly, the drilling confirmed that a significant copper-gold system exists at Sandy Creek with two zones of mineralisation, the Main Zone and Western Zone, delineated so far. The most recent round of diamond drilling has recently been completed, and we are eagerly awaiting the results.

The evidence from this drilling is that a much larger, mineralised system may exist at the Western Zone than previously thought, providing an exciting target for follow-up in 2013. We are already planning a much larger drill program for next year to test this potential and to lay the foundations to advance Sandy Creek towards a scoping study, based on mining and transportation of ore to the Eloise treatment facility.

Because of its location, Sandy Creek may well be a lot closer to development and cash flow than many shareholders currently realise. However further work is required to better understand the geometry of the ore deposit at Sandy Creek and to further de-risk the project.

Turning to our other projects, during the year BHP Billiton formally withdrew from the Joint Venture over the 7.5 million ounce Altia Silver Deposit, located within the Eloise Project tenements. BHP's drilling demonstrated that the Altia Deposit lies within a broad mineralised system containing extensive silver-lead-zinc mineralisation.

In September, we secured the involvement of Australian copper producer Sandfire Resources in the continued exploration of the Broader Altia Project through a landmark \$8 million farm-in joint venture. At the same time, Sandfire injected \$600,000 to acquire a 6.3 per cent strategic stake in Breakaway.

This joint venture and investment was a pivotal milestone for Breakaway, representing a strong endorsement of the exploration potential at Altia as well our copper-gold portfolio in North Queensland – and helping to significantly increase the profile of the Company amongst investors.

We are very pleased to be working with Sandfire at Altia – where drilling commenced recently – and we are looking forward to results from this programme when they become available. We are also looking forward to their on-going involvement with the Company as a new major shareholder.

I would like to congratulate our senior management team for their efforts in securing and completing this landmark joint venture; in particular, I would like to acknowledge the efforts of our new Managing Director, Victor Rajasooriar, who joined the Company mid-year and immediately set about the task of leading Breakaway forward with great vigour and enthusiasm.

Consistent with our focus in North Queensland, during the year we concluded agreements to divest non-core tenements in Western Australia, including the sale of tenements in West Kambalda to Ramelius Resources and Mithril Resources for combined proceeds of \$500,000 in cash. Breakaway retains the nickel exploration rights over all of these tenements. We are also continuing discussions with potential incoming joint venture partners at our West Australian Leinster assets.

Our exploration programs during 2012 were underpinned by a \$1.1 million capital raising completed at the end of 2011 which was strongly supported by existing shareholders, including FMR Investments Pty Ltd.

More recently, we have completed a Share Purchase Plan to eligible shareholders which successfully raised \$0.6 million. This has increased our cash position to \$1.6 million, ensuring that we have adequate funds for the immediate future and to carry out technical assessments prior to next year's drilling programs.

Mining activities at the Eloise Copper Mine continued during the year, and the processing facility is undergoing an upgrade. 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.

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. However the operation of the mine and the mill is of strategic significance given our expanded exploration activities in the area and FMR have also advised

that they continue to fund exploration both in and near mine with the objective of extending the mine life.

With drilling in progress at the Broader Altia Project and recently completed at Sandy Creek, we are looking forward to receiving results from both programs in the coming weeks. At Sandy Creek, that should enable us to start work on a revised resource and initial scoping study in the early part of next year, leading to further exploration and development programs later in the year.

We also have a large number of untested exploration prospects spread across our 510 square Kilometre tenement holding at Eloise, and we intend to step up work on these areas over the course of the year.

These activities should enable us to develop a much clearer idea of the development potential of Sandy Creek, and to gain a clearer understanding of how to unlock the value of the broader Eloise Project. Through the Broader Altia Project, our shareholders stand to benefit significantly from any new discovery made on these tenements.

Much has been achieved over the past year and, with a new joint venture partner at the Broader Altia Project and a strategic investment from one of Australia's leading copper producers, I am confident that Breakaway can look to the future with confidence and enthusiasm.

In conclusion, I would like to thank my fellow Directors, as well as our senior management and consultants for their hard work during the year. I would also like to acknowledge the contribution of our former Managing Director, David Hutton, who left the Company in March after many years of service.

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 2013.



John Atkins
Chairman

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