



## Activity Report for the Quarter Ended 31 March 2011

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### Base Metal Exploration – Queensland

- Further positive results reinforce the significance of the Sandy Creek copper – gold prospect with **14.38m @ 0.72% copper, 0.37g/t gold** from 65m, including **3.53m @ 1.64% copper, 0.21g/t gold** intersected 100 metres west of the existing main mineralised zone – represents a potential new parallel mineralised zone;.
- A new off-hole DHTeM anomaly representing a potential internal high-grade core within the main zone of mineralisation at Sandy Creek.
- 2,000 metre RC drill program to test significance of both the new western zone and DHTeM anomaly at Sandy Creek, together with targets within the Eloise Mine Corridor, to commence late April 2012.
- Recent diamond drilling below 7.5Moz Altia Silver Deposit intersects significant silver mineralisation approximately 300 metres down plunge of the deposit's lower boundary with intercepts including:
  - **2.88m @ 5.47% lead, 75.6g/t silver**, 0.98% zinc from 899.37 metres; and
  - 2.30m @ 1.10% lead, 35.3 g/t silver, 0.28% zinc from 829.10 metres.
- Drilling demonstrates that the Altia Deposit lies within a broader mineralised system with significant silver – lead – zinc mineralisation now drilled on wide spaced sections over 1,200 metres strike length to a vertical depth of 800 metres.
- Review of historic drilling identifies additional silver drill intercepts approximately 400 metres north of Altia which require follow up testing.

### Nickel Exploration – Western Australia

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

### Gold Exploration – Western Australia

- Further positive results returned from infill RC drilling of the Chameleon Prospect (Scotia Project) by Scotia Gold Rights JV partner Aphrodite Gold Limited including 6m @ **1.5g/t gold from 136 metres** ahead of planned 2012 resource drilling program.

### Cash

- The Company's cash position at the end of the March 2012 Quarter was \$1.5 million.

## OVERVIEW

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

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

### Resignation of Managing Director

During the Quarter, Breakaway's Managing Director Mr David Hutton tendered his resignation for personal and family reasons, and to take up another opportunity within the resource sector in his home state of South Australia.

Mr Hutton will remain with Breakaway for a transitional period until his current contract expires in June 2012 in order to facilitate a smooth management handover, and to oversee the upcoming drilling and exploration programs at the Company's flagship Eloise Copper-Gold Exploration Project in North Queensland.

Breakaway is currently conducting an executive search process to identify and secure an appropriately qualified and experienced replacement.

## 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 (*Figure 2*).

During the Quarter, the Company received the results from 3 diamond holes (11BERD0103 to 11BERD105 – 1,184 metres) which were completed in early December 2011, as an initial test of the **Sandy Creek** copper-gold prospect's wider potential, as well as providing platforms for down-hole TEM (DHTEM) geophysical surveying.

As shown on *Figure 3*, hole 11BERD0104 intersected shallow copper-gold mineralisation approximately 100m west of the main mineralised zone, with the following intercept returned:

- **14.38m @ 0.72% copper, 0.37g/t gold from 85.42m including 3.53m @ 1.64% copper, 0.21g/t gold from 96.27m**

The new mineralisation displays strong similarities to the existing mineralisation and occurs within shear-hosted quartz veining and brecciation, and strongly disseminated and vein-hosted **copper sulphide (chalcopyrite-pyrite) mineralisation**.

The intercept is significant as it potentially represents a new zone of copper-gold mineralisation which, with the exception of 11BERD0104, has not been previously drilled and remains open in all directions.

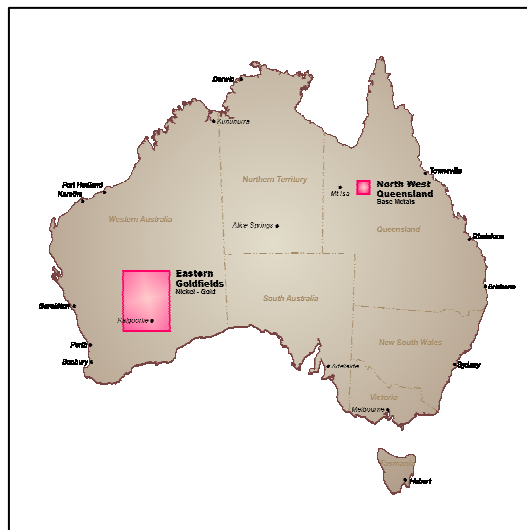


Figure 1: Breakaway Project Locations

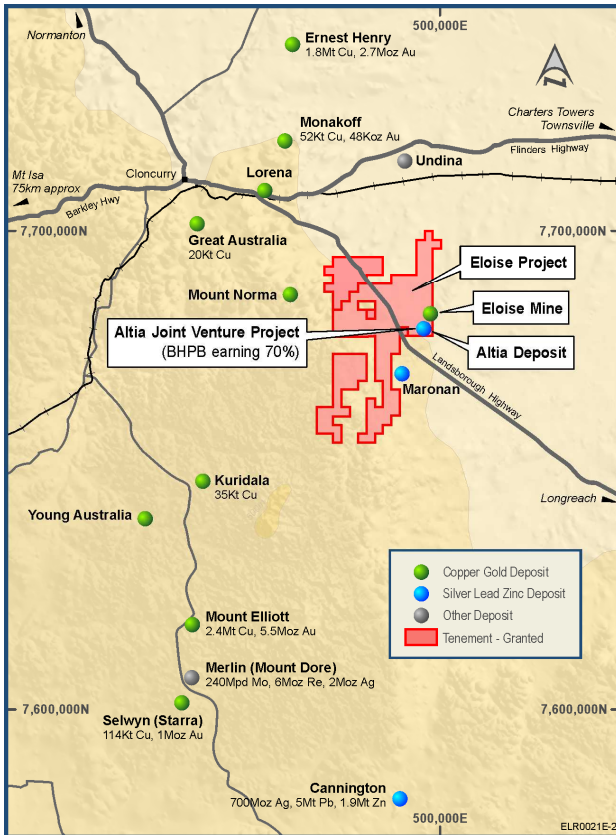


Figure 2: Eloise Exploration Project Location Plan

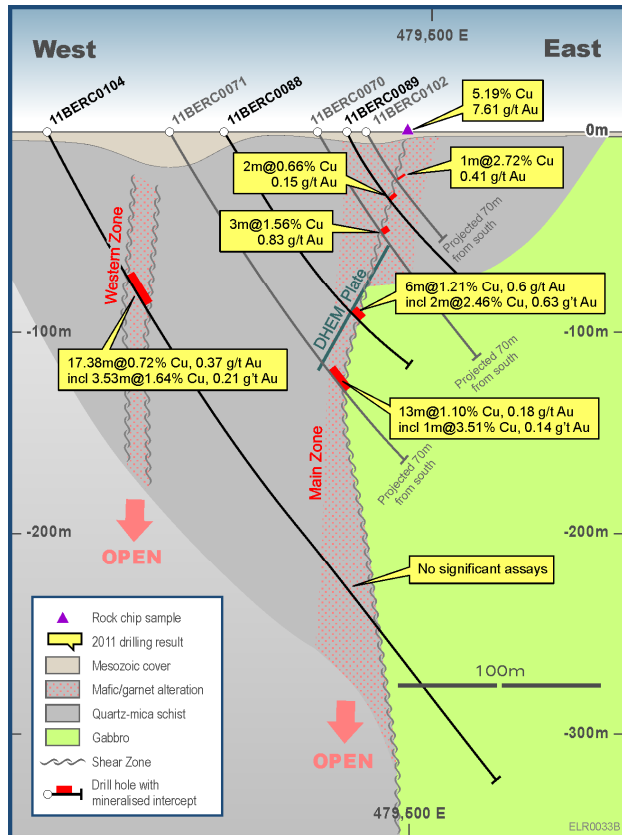


Figure 3: Sandy Creek geological cross-section (7,680,150N)

Examination of newly acquired high-resolution ground magnetic data shows that the intercept lies within a thin linear magnetic “low” feature that can be mapped over several hundred metres, primarily to the north of 11BERD0104, which is interpreted to be a structural zone developed parallel to the main Sandy Creek mineralised zone (Figure 4).

Copper-gold mineralisation within the main mineralised zone at **Sandy Creek** occurs within a sub-vertical zone of sheared sulphidic quartz-carbonate veining and mafic / garnet alteration that cuts across a broader package of folded interbedded metasediments and gabbroic intrusives.

Each of the three diamond drill holes also intersected the target shear zone approximately 100 metres down-dip of the main mineralised zone at Sandy Creek, with a best intercept of **1.10m @ 0.35% copper, 2.2g/t gold from 215.00m** returned from 11BERD0106. The presence of the host structure and associated mafic / garnet alteration at the target position in each hole is encouraging, as it suggests that the geological system that controls the mineralisation is still present and that there is potential for further mineralisation at depth.

In addition, geophysical surveying of the three diamond drill holes has identified a strong off-hole DHEM conductive anomaly within the main zone of mineralisation, which has been modeled to have a southerly plunge over a strike length of 400m to a vertical depth of 200 metres (Figure 5).

The DHEM anomaly is highly significant, given that it is potentially indicative of further massive copper sulphide mineralisation and extends down plunge from existing drill hole intercepts such as 3m @ 3.0% copper, 0.92g/t gold in 11BERC0073, 2m @ 2.46% copper, 0.63g/t gold in 11BERC0088, 1m @ 4.62% copper, 0.88g/t gold in SCD03 and 13m @ 1.10% copper, 0.18g/t gold in 11BERC0071.

Copper – gold mineralisation at Sandy Creek has now been drilled over **600 metres strike to a vertical depth of 120 metres**. The prospect remains open along strike and has significant extensional potential.

A preliminary scoping review of the prospect suggests that confirmation of a high-grade core within the main zone of mineralisation has the potential to significantly enhance the economics of any future mine development. The delineation of additional mineralisation at the Western Zone will also enhance the economics of a future mining operation.

Consequently the Company has approved a further Reverse Circulation drill program of approximately **2,000 metres** to further test both the newly discovered western zone and the new DHEM conductor within the main zone of mineralisation. The Company is also reviewing two strategically important target areas that lie within a 2 kilometre radius of the operating Eloise Copper Mine. Specific follow up drill targets generated by the review will be drill tested as part of the drill program.

Given the positive results to date, Breakaway believes the next round of drilling will therefore be critical to determining the strategic direction of ongoing exploration and evaluation of the Sandy Creek copper-gold discovery.

At the time of writing the RC drilling program was scheduled to commence in late April 2012.

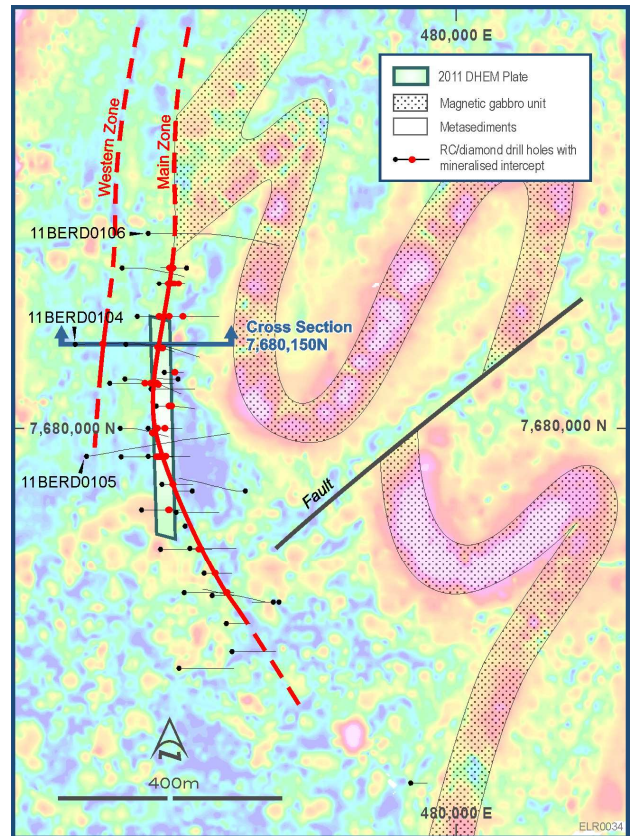


Figure 4: Sandy Creek drilling and ground magnetics

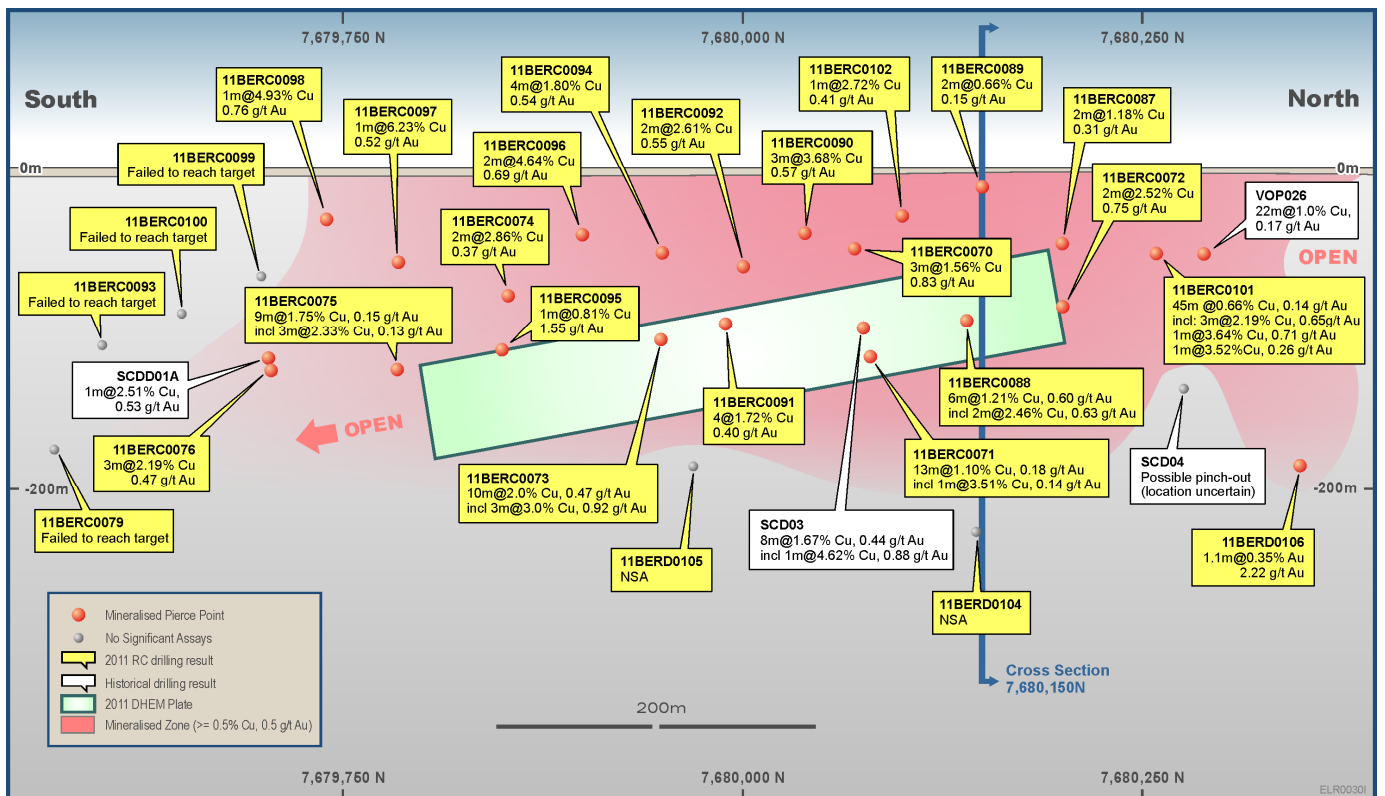


Figure 5: Sandy Creek Long Section showing position of DHEM anomaly

## Altia Joint Venture Project

During the Quarter, BHP Billiton (**ASX: BHP** – “BHP Billiton”), completed 2 diamond drillholes (ADD11\_01/A and ADD11\_02/A - 2,496.3 metres) at the **Altia Silver Deposit**, located 70km south-east of Cloncurry in North Western Queensland (*Figure 2*).

The drilling was carried out as a further test of the deposit’s potential to host a silver-lead-zinc system, and together with previous drilling, the recent results have confirmed that the deposit lies within a broader mineralised system with silver – lead – zinc mineralisation drilled on wide spaced sections over 1,200 metres strike length to a vertical depth of 800 metres.

The new holes intersected multiple zones of mineralisation within Banded Iron Formation (BIF) rocks (ADD11\_01/A) and adjacent sedimentary wall rocks (ADD11\_02/A) beneath the deposit with better intercepts including;

- **2.88m @ 5.47% lead, 75.6g/t silver, 0.98% zinc** from 899.37 metres in ADD11\_01/A;
- **3.20m @ 0.43% lead, 16.4g/t silver, 0.93% zinc** from 820.80 metres in ADD11\_02/A including **0.20m @ 0.83% lead, 36.9g/t silver, 2.34% zinc** from 820.80 metres; and
- **2.50m @ 0.82% lead, 26.3g/t silver, 0.54% zinc** from 828.90 metres in ADD11\_02/A including **2.30m @ 1.10% lead, 35.3g/t silver, 0.28% zinc** from 829.10 metres.

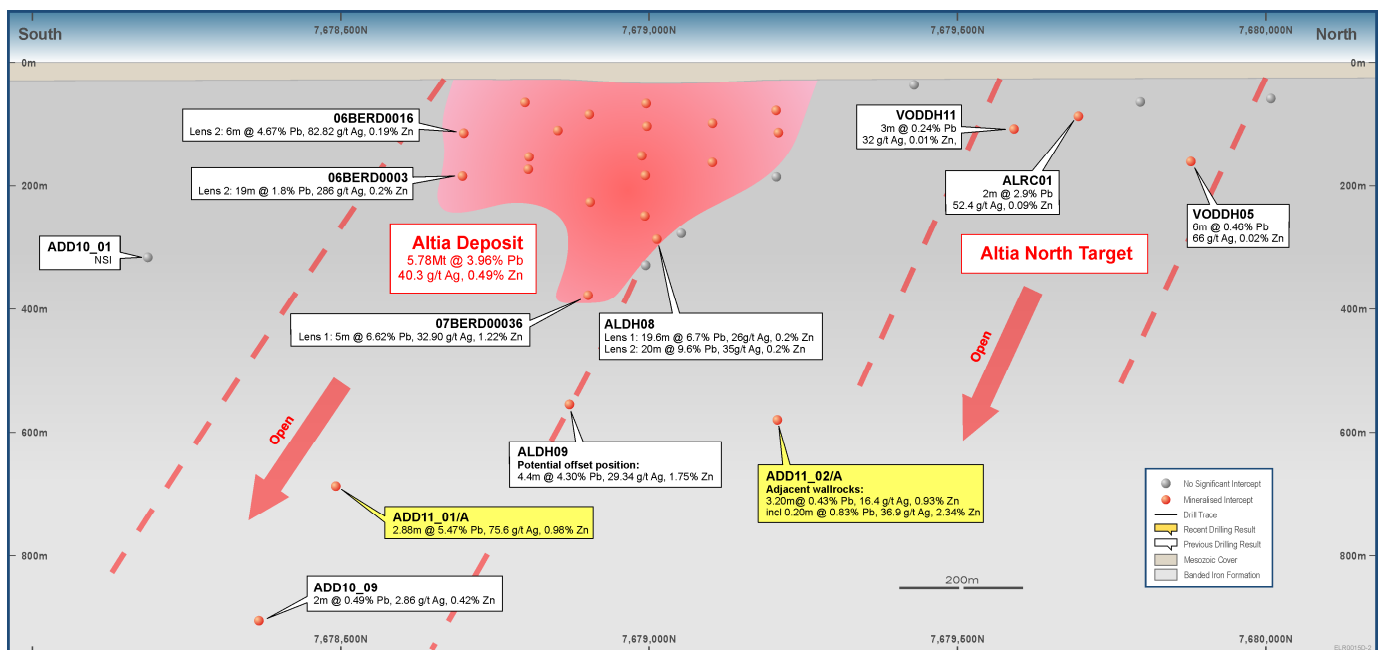


Figure 6: Altia Deposit Long Section showing position of existing resource and recent drilling

As shown in *Figure 6*, the ADD11\_01/A intercepts occur approximately 300 metres down plunge from the deposit’s lower boundary, and the ADD11\_02/A intercepts approximately 400 metres vertically beneath the deposit’s northern boundary.

Additionally, a review of historic drilling has identified numerous silver – lead – zinc drill intercepts approximately 400 metres north of Altia that lie within the same Altia BIF host rocks (*Figures 6 and 7*) and which require further testing in the future. Better intercepts include;

- **3m @ 0.24% lead, 32.0g/t silver, 0.01% zinc** from 125 metres in VODDH11;
- **2m @ 2.90% lead, 52.4g/t silver, 0.09% zinc** from 100 metres and **2m @ 0.99% lead, 73.6g/t silver, 0.01% zinc** from 130 metres in ALRC01; and
- **6m @ 0.46% lead, 66.0g/t silver, 0.02% zinc** from 180 metres in VODDH05.

In total, **silver-lead-zinc mineralisation has now been drilled over 1,200 metres strike length to a vertical depth of 800 metres**, thereby demonstrating the presence of a broad mineralised system surrounding the Altia Deposit.

Given that the majority of drilling throughout the system is of a wide spaced nature, potential remains to extend the existing Altia Deposit resource. Evaluation of the potential for a silver-lead-zinc deposit at Altia is ongoing based on the results of the deep drilling programme.

Exploration at Altia is carried out under the terms of the **Altia farm-in and joint venture agreement**. Under the terms of the agreement, a 70% interest in the Altia silver-lead-zinc rights can be earned by spending A\$10 million over five years. This includes a minimum commitment, now satisfied, of \$1 million in the first year of the joint venture.

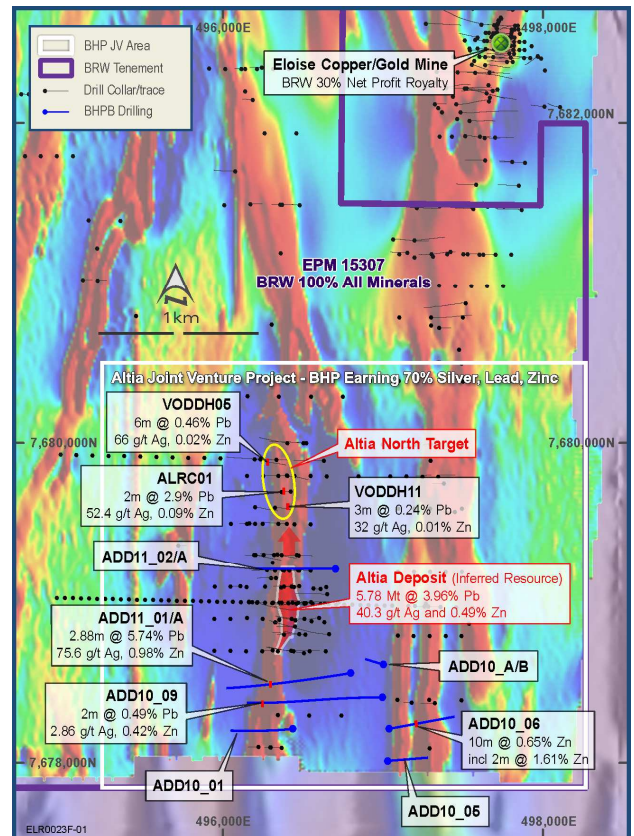


Figure 7: Ground Magnetics image showing Altia Deposit, Altia North and drilling

## 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.

During the Quarter, Aphrodite Gold Limited (ASX: **AQQ** – "Aphrodite") received results from a 4 hole (CHR0017 to CHR0020 – 666 metres) infill RC drilling program completed during the December 2011 Quarter at **Chameleon**, with better intercepts including:

- **6m @ 1.5g/t gold from 136 metres** in CHR0019;
- **2m @ 1.13g/t gold from 85 metres** in CHR0020; and
- **6m @ 0.58g/t gold from 103 metres** in CHR0020.

The results reinforce the prospectivity of the area and information generated by the drilling will underpin a better geological understanding of the prospect 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 previous 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 mine is of strategic significance given the expended exploration activities in the area.

## **MISCELLANEOUS**

During the Quarter, the Company signed a Sale and Purchase Agreement with Ramelius Resources Limited (ASX: **RMS** – "Ramelius"), whereby Ramelius will purchase a number of Breakaway's tenements located in the West Kambalda region of Western Australia for \$0.30M (cash) and a Royalty being the total of 1.5% of the Net Smelter Return on all minerals other than nickel upon completion of the sale process.

Breakaway retains the Nickel Rights on the tenements subject to the Sale and Purchase Agreement.

The tenements subject to the Sale and Purchase Agreement are located immediately north of Ramelius' Wattle Dam Gold Mine and comprise exploration, prospecting, and mining licences (ten in total).

They exclude Breakaway's 100% - owned Spargos Reward tenements which contain the historic Spargos Reward gold mine where approximately 126,000 tonnes @ 8g/t Au (~29,000oz) was extracted via open pit and underground mining to 120 metres depth.

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 copper-gold exploration project located in the Cloncurry District, Queensland.

## **OUTLOOK**

The primary focus of activity for the June 2012 Quarter will be further RC drilling of copper – gold targets at the Sandy Creek prospect and Eloise Mine Corridor, which are both located within the 100% - owned 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
11BERD0104	Sandy Ck	7680150	479320	-60	84	85.42	14.38	0.37	0.72	1.76	-	-
<i>including</i>						96.27	3.53	0.21	1.64	4.20	-	-
11BERD0105	"	7679950	479340	"	"	180.40	0.55	0.03	0.62	2.20	-	-
11BERD0106	"	7680350	479450	"	90	215.00	1.10	2.22	0.35	0.83	-	-

**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/tAg	%Pb	%Zn
ADD11_01/A	Altia	7678550	496800	-60	270	899.37	2.88	75.6	5.47	0.98
"	"	"	"	"	"	976.10	2.80	21.9	0.58	0.03
ADD11_02/A	"	7679200	496700	-60	270	677.80	13.35	0.8	0.07	0.07
"	"	"	"	"	"	812.20	1.35	4.3	0.17	0.19
"	"	"	"	"	"	820.80	3.20	16.4	0.43	0.93
<i>including</i>						820.80	0.20	36.9	0.83	2.34
"	"	"	"	"	"	828.90	2.50	26.3	0.82	0.54
<i>including</i>						829.10	2.30	35.3	1.10	0.27

**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 AGD84 datum (Zone 54).



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

Hole ID	Prospect	Northing	Easting	Dip°	Azi Mag°	From	Width	g/tAu
CHR0017	Chameleon	6663074	329762	-60	90	<i>No Significant Intercepts</i>		
CHR0018	"	6663265	329666	"	"	<i>No Significant Intercepts</i>		
CHR0019	"	6663189	329681	"	"	136	6.0	1.50
CHR0020	"	6663159	329730	"	"	85	2.0	1.13
"	"	"	"	"	"	103	6.0	0.58

**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 Fellow 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.