



Breakaway delivers maiden copper resource for Sandy Creek

Initial resource provides strong platform for extensional drilling, followed by development studies

- 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 Sandy Creek Main Zone and Western Zone, which remain open down-plunge and at depth.
- Additional exploration also being planned at key regional targets, alongside rejuvenated exploration programs at the Broader Altia Project under the recently established \$8M farm-in joint venture with Sandfire Resources NL.

Breakaway Resources Limited (ASX: BRW – “Breakaway”) is pleased to announce a maiden Mineral Resource estimate, reported in accordance with the JORC Code, for its emerging **Sandy Creek Copper-Gold Project**, located 70km south-east of Cloncurry in North Queensland (Figure 1).

The 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 independently estimated by mining consultants Optiro Pty Ltd, based on the results of drilling completed by Breakaway in 2012 and 2011.

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 the Appendix to this announcement*).

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).

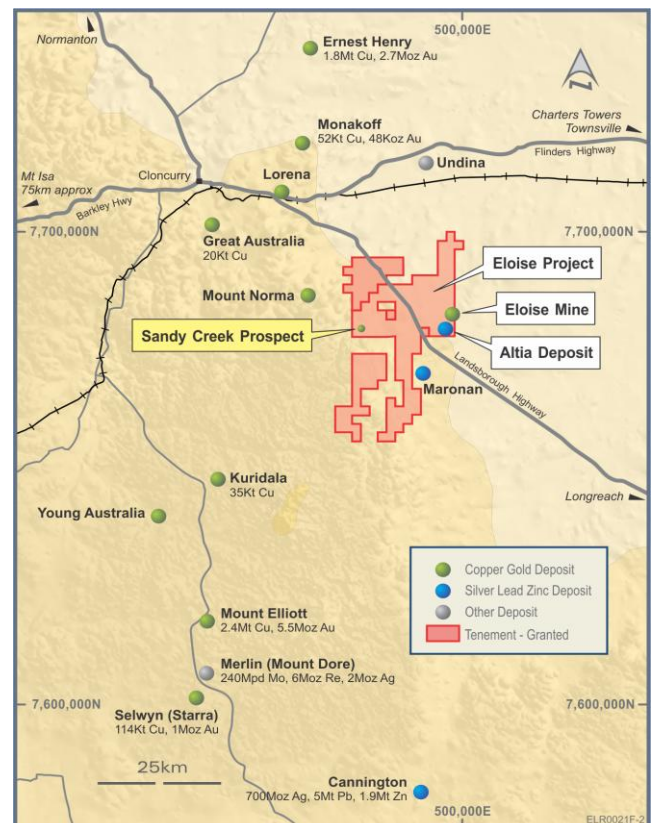


Figure 1: Eloise Exploration Project Location Plan

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.

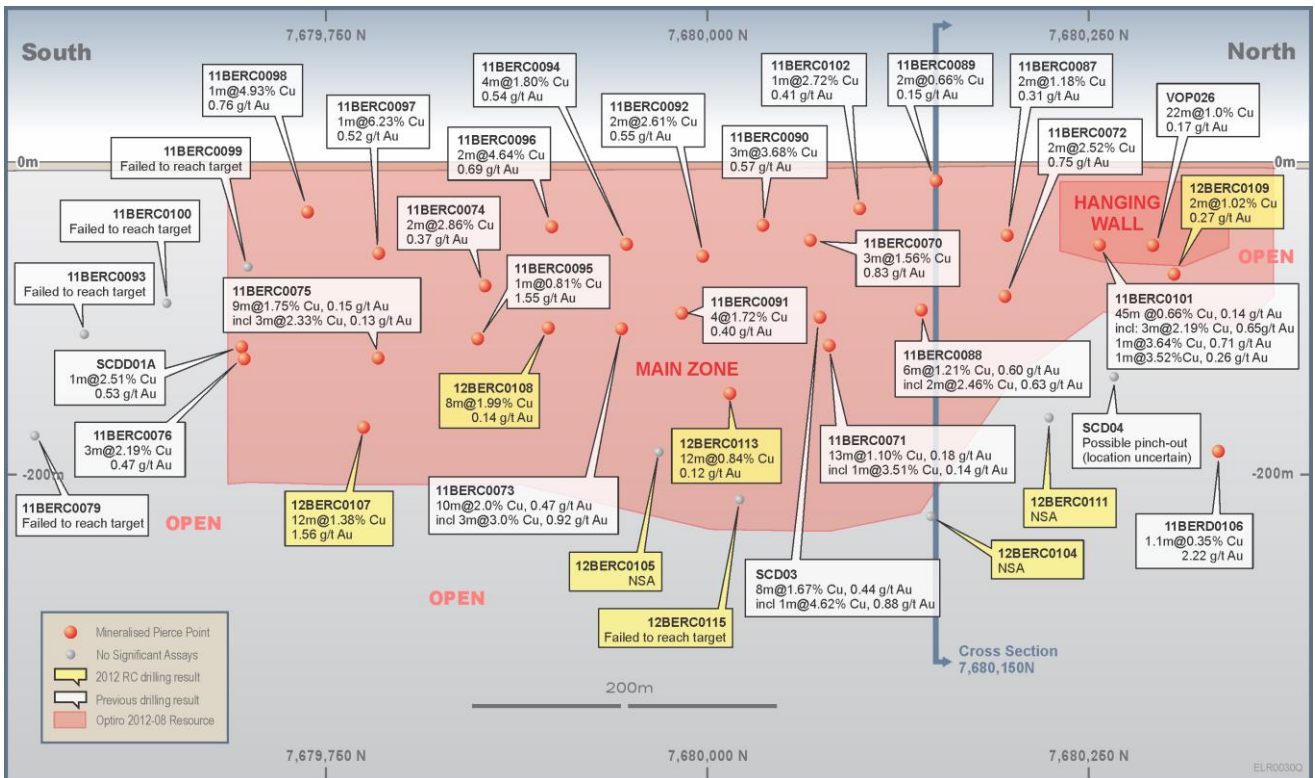


Figure 2: Sandy Creek Project Long Section showing the Main Zone resource

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.

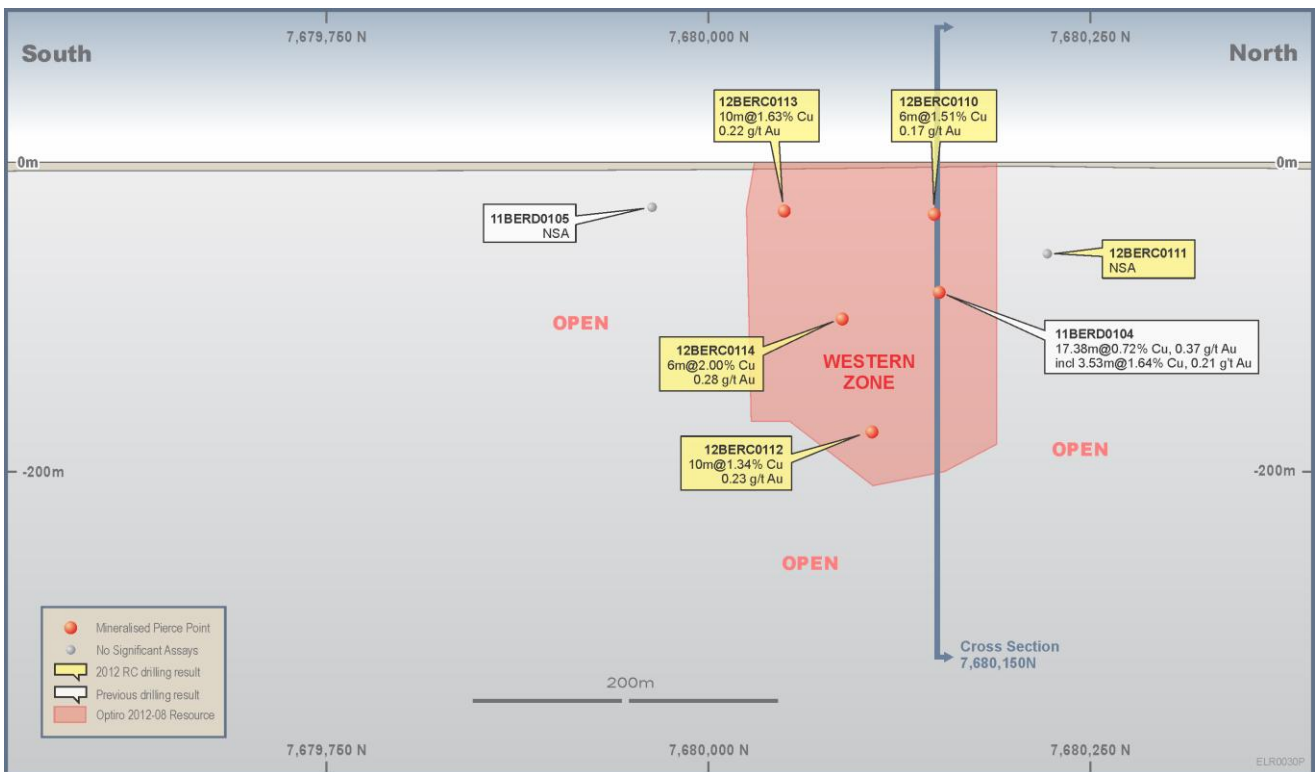


Figure 3: Sandy Creek Project Long Section showing the Western Zone resource

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

On the strength of this maiden JORC resource estimate, Breakaway plans to conduct further diamond drilling to test the significant down-plunge extensional potential at Sandy Creek followed by metallurgical test work on the core.

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-visit 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.

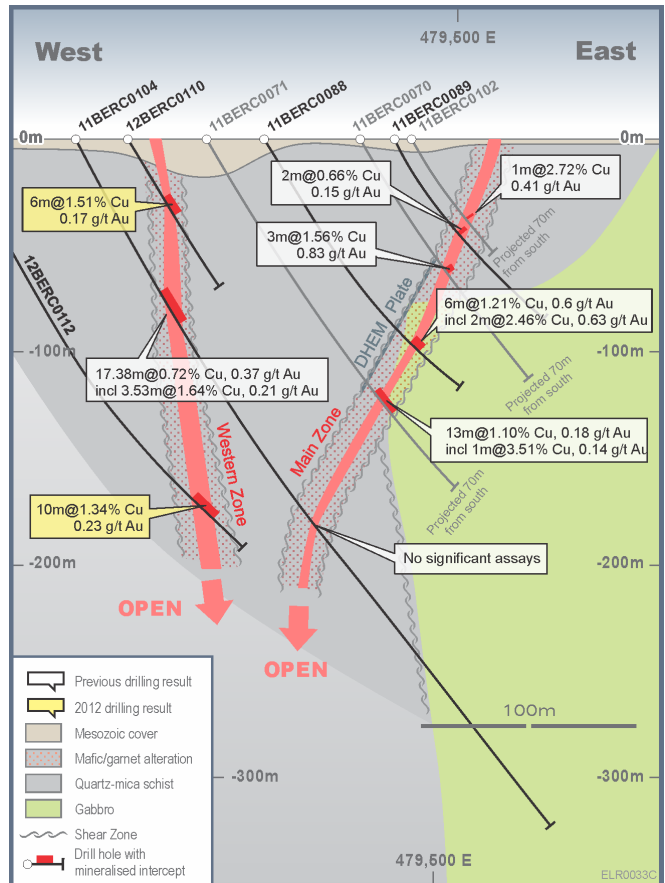


Figure 4: Sandy Creek Project Cross Section showing the Main and Western Zones.

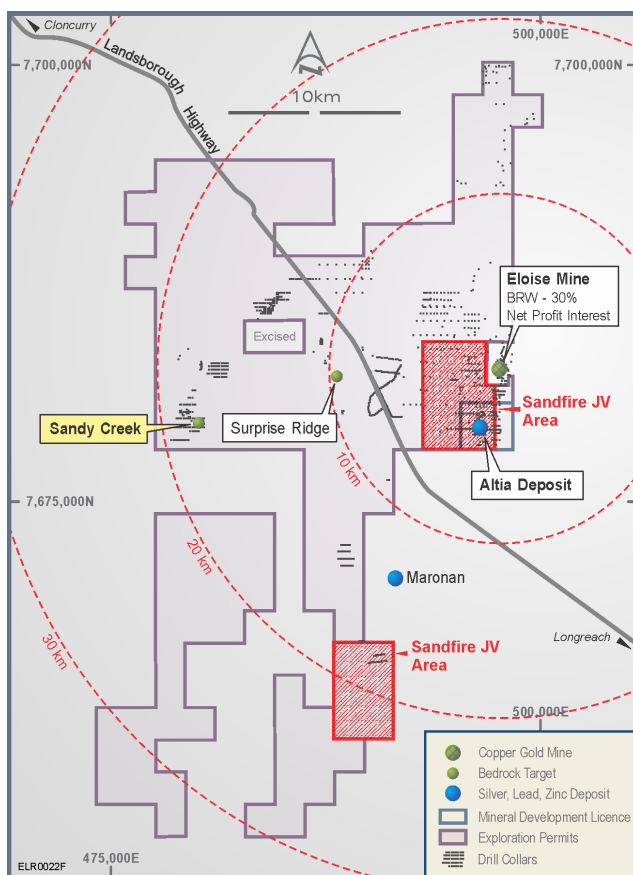


Figure 5: Sandy Creek Project Regional Targets

Following on from the drilling program, Breakaway intends to commence a Scoping Study to assess development options for the Sandy Creek Project, including the possibility of a small open pit operation to extract the near-surface mineralisation with processing of the ore at one of the nearby processing facilities.

This follow-up drilling and Scoping Study will be undertaken following the recent funding injection provided by leading copper producer Sandfire Resources, which has acquired a 6.3 per cent stake in Breakaway and also concluded a farm-in joint venture on the nearby Broader Altia Project (see ASX Announcement – 4 September 2012).

“We are very pleased to have delivered a maiden resource for Sandy Creek which is an important milestone in our exploration of the Eloise Project. More importantly, it gives us a clear pathway moving forward in terms of the development of the Company,” said Breakaway’s Managing Director, Mr Victor Rajasooriar.

“While the initial Sandy Creek resource is modest, it is shallow and potentially economic through a small open pit development,” he said. “This potential will be assessed through a Scoping Study on completion of the next phase of drilling.”

“Of greater importance to the future of the Company is the strong potential for down-plunge extensions of the mineralisation to form part of a much bigger picture at Sandy Creek. That potential will be tested in the next drilling campaign,” Mr Rajasooriar said.

“That will give us a much clearer indication of the sort of project we have on our hands at Sandy Creek, and how best to add value to this emerging asset.

“At the same time, technical reviews and data interpretation will be commencing on the Broader Altia Project under our recently announced \$8 million farm-in joint venture with Sandfire Resources,” Mr Rajasooriar continued. “We are looking forward to commencing that work in conjunction with Sandfire and moving to the next stage in terms of unlocking the value of the Eloise Exploration Project.”

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Competent Persons Statement:

The information in this report that relates to Exploration Results is based on information compiled by Mr Jeff Gresham a non-executive director of the Company. Mr Gresham 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 Gresham 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.

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 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

Notes:

- Resources are reported above a 0.3% Cu cut-off.
- Only Primary sulphide mineralisation is reported.
- All figures are rounded to reflect appropriate levels of confidence. Apparent differences occur due to rounding.

Table 2 - JORC Table for Sandy Creek Mineral Resource Estimate 2012

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. Unsourced 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 samples 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.