



breakaway

BREAKAWAY RESOURCES LIMITED

ABN 16 061 595 051



ANNUAL REPORT

for the year ended 30 June 2012



breakaway

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CORPORATE DIRECTORY

DIRECTORS

John Atkins	Non-Executive Chairman
Victor Rajasooriar	Managing Director
Jon Young	Non-Executive Director
Jeffrey Gresham	Non-Executive Director

MANAGEMENT

Simon Storm	Company Secretary & CFO
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CHAIRMAN'S LETTER

Dear Shareholders,

I am pleased to report on what has been a year of significant progress for Breakaway in adding value to our emerging North Queensland copper-gold assets and positioning the Company to take further growth steps over the coming 12 months.

Our focus on copper-gold in North Queensland is consistent with the outcomes of the strategic project review completed last year, enabling us to prioritise our exploration focus on our flagship 510km² Eloise Project, which is located in the heart of the world-class Mount Isa-Cloncurry district.

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

Our work programs for the financial year commenced with a major review of historical data for the Eloise Project and a 5,000m Reverse Circulation drilling program, which provided an initial test of a range of prospects including Sandy Creek, Surprise Ridge, Roberts Creek and Coral Reef.

This enabled our geological team to identify and prioritise the second round of drilling, which specifically targeted Sandy Creek due to the broad widths of mineralisation intersected over a significant strike length during the 2011 drilling program.

None of these targets have received any meaningful exploration attention over the past 10-15 years, creating a significant opportunity for Breakaway. All offer excellent potential to extend the known mineralisation along strike and down-dip, and are typically characterised by +1% copper intercepts (up to 4% copper), highly anomalous gold values and limited deep drilling. Importantly, all of these targets are located within a 20km radius of the Eloise Copper Mine, which is owned and operated by FMR Investments Pty Ltd.

Our exploration programs for 2012 were underpinned by a \$1.1 million capital raising completed at the end of 2011 through a strategic share placement at 4.9 cents per share to clients of Patersons Securities Limited, including the Company's second-largest shareholder FMR Investments Pty Ltd and several other existing major shareholders.

Drilling re-commenced at Sandy Creek in April 2012. 10 Reverse Circulation holes totalling 2,508 metres were drilled to test a strong down-hole EM (DHTEM) conductor, obtained in late 2011, which potentially represents a high-grade shoot or core within the Main Zone of copper-gold mineralisation, and to test the extensional potential of a 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 with mineralization extending over a currently identified strike length of 700m and to a vertical depth of 150m within the Sandy Creek Main Zone, and over a strike length of 190m and to a vertical depth of 150m at the Western Zone.

These results were incorporated into a maiden JORC compliant Mineral Resource estimate for the Sandy Creek Project, completed in September 2012, comprising an Inferred Resource of 2.06 million tonnes @ 1.42% Cu and 0.33g/t Au containing 29,400 tonnes of copper metal and 21,900 ounces of gold.

On the strength of this maiden resource, 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. The continuity of mineralisation intersected so far and the consistency of copper grades – coupled with the strong geological similarities to the Eloise Copper Mine – give us great confidence that Sandy Creek has the potential to host a substantial copper deposit.

Turning to other projects, during the year BHP Billiton formally withdrew from the Joint Venture over the 7.5Moz Altia Silver Deposit, located 70km south-east of Cloncurry. The decision was based on the results of a commercial and technical review undertaken by BHP Billiton following the completion of 6,884 metres of deep diamond drilling during the 2010 and 2011 field seasons.

This drilling demonstrated that the Altia Deposit lies within a broad mineralised system where silver-lead-zinc mineralisation has been intersected over a strike length of 1,200m and to a vertical depth of 800m.

BHP's withdrawal created a significant exploration opportunity for Breakaway, effectively unlocking an extensive database of new geological information generated during the joint venture period and enabling Breakaway to pursue a number of attractive copper and silver exploration targets outside of the main Altia Deposit.

In September 2012, Breakaway announced that it had 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.

In addition, Sandfire has injected \$600,000 to acquire a 6.3% stake in Breakaway, representing a strong endorsement of the exploration potential of the Broader Altia Project as well and Breakaway's broader copper-gold portfolio in North Queensland. We are very pleased to be working with Sandfire at Altia and we welcome them as a new major shareholder and look forward to their ongoing involvement with the Company.

One of the other key outcomes of the strategic project review 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 10 West Kambalda tenements to Ramelius Resources Limited for a total consideration comprising \$300,000 in cash, and royalty on future production of minerals other than nickel. Breakaway retains nickel exploration rights over the tenements.

In respect to the Scotia Project Joint Venture with Aphrodite Gold, Aphrodite has earned its initial 51% interest and is now earning a further 29% interest by spending a further \$1.1 million on exploration (a total of \$1.5 million). Aphrodite reported positive results from the December 2011 drilling program, reinforcing the prospectivity of the area.

In terms of our West Australian nickel assets, we are continuing discussions with potential incoming joint venture partners with the capability to fund a major exploration program of the kind required to add value.

Mining activities at the Eloise Copper Mine continued into 2012, 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, however the continuous operation of the mine and the mill is of strategic significance given our expanded exploration activities in the area.

In March 2012, 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. I would like to take this opportunity to thank David for his significant contribution to the Company over several years.

Following an executive search process, Breakaway was able to secure the services of Mr. Victor Rajasooriar, an experienced mining executive, who commenced with the Company on 2 July 2012.

Victor has already put his stamp on the Company with the negotiation of the Altia Joint Venture and investment by Sandfire Resources, and we are looking forward to his leadership moving forward as we move to the next stage of assessment of the Sandy Creek Project and our other exploration assets in North Queensland.

In conclusion, with a maiden resource in place for Sandy Creek, a new joint venture partner at Altia and a strategic investment from one of Australia's leading copper producers, I am confident that Breakaway can look to the future with great confidence and enthusiasm.

I would like to take this opportunity to thank Victor 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.

Breakaway has much to look forward to and I am confident that we have the assets, the people and the capability to add significant value for shareholders.

Yours faithfully,



John Atkins
Chairman

COMPANY HIGHLIGHTS AND ACHIEVEMENTS

NORTH QUEENSLAND COPPER-GOLD

- In August 2011, a significant new copper – gold system was confirmed at Sandy Creek, following the receipt of all outstanding assays from a 33 hole (4,978 metres) Reverse Circulation (RC) drilling programme completed during and subsequent to the end of June 2011.
- Sandy Creek copper prospect was prioritised for immediate follow-up testing with high-resolution ground magnetic surveys and a 3,700m RC and diamond drilling program in September 2011.
- The infill RC holes were drilled on nominal 50m spaced sections to 100m average depth over a strike length of 700m. Drilling successfully intersected copper-gold mineralisation on consecutive sections, confirming the mineralisation's internal continuity within the area drilled.
- In May 2012, a follow up 2,508m/10-hole RC drilling program was completed at the Sandy Creek with assay results received in August 2012.
- 7 holes intersected shear-hosted quartz carbonate veining and visible copper sulphide (chalcopyrite-pyrite) mineralisation, successfully testing an EM conductor within the Main Zone and extensions to the newly discovered Western Zone.
- DHTEM surveying identified a new EM conductor beneath the Main Zone of mineralisation, pointing to the potential for a steeply-plunging high-grade core or shoot similar to the nearby Eloise Copper Deposit.
- In September 2012, a 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 was completed for the Sandy Creek Project
- Mineralisation intersected in 50m spaced RC holes over 700m strike to 200m vertical and remains open in all directions with potential for depth and strike extensions, and strong geological similarities to the Eloise Copper Mine.
- Mineralisation intersected at the Surprise Ridge prospect remains open down-dip and to the north.

ELOISE COPPER MINE, NORTH QUEENSLAND

- Mining activities at the Eloise underground mine continued into 2012, and the processing plant is in the process of being upgraded to process 720,000 tonnes per annum (currently 600,000tpa).

ALTIA BASE METALS JOINT VENTURE, NORTH QUEENSLAND

- BHP Billiton advised its intention to withdraw from the Altia Joint Venture, creating an exploration opportunity for Breakaway by opening up promising copper and silver exploration targets within the joint venture area, including high-grade silver intersected in past drilling immediately adjacent to the currently defined 7.5Moz silver resource.
- Drilling demonstrates that the Altia Deposit lies within a broader mineralised system with silver-lead-zinc mineralisation now drilled on wide-spaced sections over a strike length of 1,200m and to a vertical depth of 800m.
- A landmark \$8M Farm-in Joint Venture Agreement was signed with Australian copper producer Sandfire Resources NL for the Broader Altia Project, targeting all minerals.
- Under the newly established Joint Broader Altia Joint Venture, Sandfire will 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.

NICKEL EXPLORATION – WESTERN AUSTRALIA

- The future of the Leinster District nickel projects is currently subject to review.

CORPORATE

- Sandfire Resources injects \$600,000 to acquire a 6.3% stake in Breakaway in September 2012.
- \$1.1M capital raising completed in December 2011.

- Non-core assets divested including ten West Kambalda tenements to Ramelius Resources for \$300,000 in cash (net), and a 1.5% of the Net Smelter Return (NSR) on all minerals other than nickel. Breakaway retains Nickel Rights on the tenements.
- Experienced mining executive Mr Victor Rajasooriar appointed as Breakaway's new Managing Director in July 2012.

OPERATIONS REPORT

NORTH QUEENSLAND COPPER - GOLD

The Eloise Exploration Project ("Eloise") is located 70km south-east of Cloncurry, in the heart of the world-class Cloncurry Mineral District of North West Queensland (Figure 1).

Covering an area of approximately 510km², the project is highly prospective for both copper-gold and silver-lead-zinc mineralisation and lies within a region that hosts a number of major base and precious metal deposits, including Eloise (copper- gold) to the east, Ernest Henry (copper-gold) to the north, Cannington (silver-lead-zinc) and Osborne (copper) to the south.

The re-opening of the adjacent Eloise Copper Mine in January 2011, combined with the strong copper price outlook, provided a strong strategic imperative to resume copper exploration at Eloise.

Due to the close proximity of Breakaway's tenements, any new copper discovery would lie within economic trucking distance of the mine, opening up the potential for development and processing opportunities in the short term.

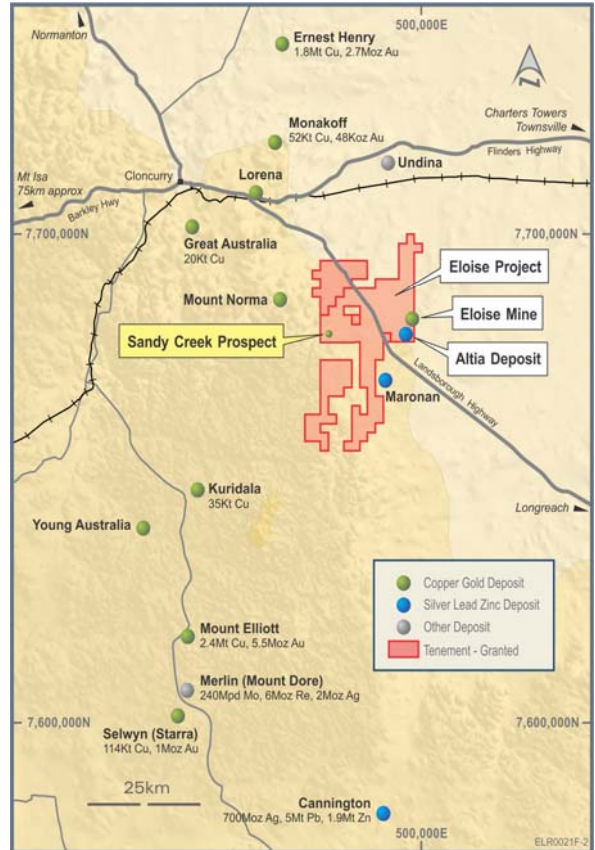


Figure 1: Eloise Exploration Project Location Plan

In August 2011, a significant new copper – gold system was confirmed at Sandy Creek, following the receipt of all outstanding assays from a 33 hole (4,978 metres) Reverse Circulation (RC) drilling programme completed during and subsequent to the end of the June 2011.

Sandy Creek copper prospect was prioritised for immediate follow-up testing with high-resolution ground magnetic surveys and a 3,700m RC and diamond drilling program in September 2011.

The infill RC holes were drilled on nominal 50m spaced sections to 100m average depth over a strike length of 700m. Drilling successfully intersected copper-gold mineralisation on consecutive sections, confirming the mineralisation's internal continuity within the area drilled.

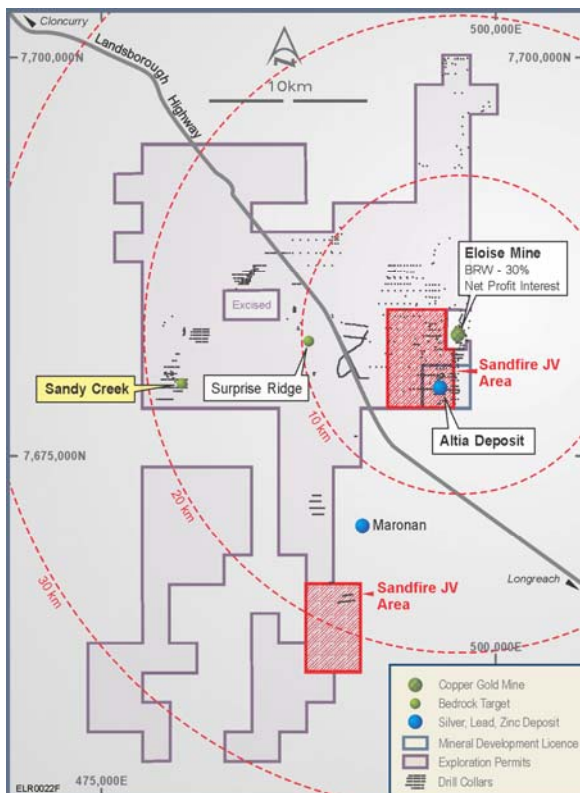


Figure 2: Eloise Exploration Project Targets

Following on from earlier drilling, a 10-hole, 2,058 metre Reverse Circulation (RC) drilling commenced in May 2012. This new phase of drilling targeted a strong down-hole EM conductor within the Sandy Creek Main Zone of copper-gold mineralization, the newly discovered Western Zone, 100m west of the Main Zone, and other recently identified target areas within the Eloise Mine Corridor.

Copper-gold mineralisation at Sandy Creek has now been drilled over a strike length of 700m and to a vertical depth of 200m. The prospect remains open along strike and has significant extensional potential.

The copper-gold mineralisation at Sandy Creek occurs within two well-defined parallel zones, 100m apart, of sheared sulphidic quartz veining within a broader zone of mafic / garnet alteration on the western margin of a gabbroic intrusive body.

Seven of the ten holes drilled (12BERC0107 – 12BERC0110 and 12BERC0112 – 12BERC0114) intersected zones of shear-hosted quartz carbonate veining and visible copper sulphide (chalcopyrite-pyrite) mineralisation ranging in down-hole width from 3 to 27 metres.

The new intersections lie down-plunge and along strike from existing mineralised intercepts in both the Main and Western zones (Figures 3 and 4).

Significantly, drilling intersected mineralisation coincident with the modelled position of the DHTM conductor at the southern end of the Main Zone, while drilling of the Western Zone also intersected additional copper sulphide mineralisation surrounding a single drill intercept obtained last year (i.e. 4.38m @ 0.72% copper, 0.37g/t gold from 85.42m including 3.53m @ 1.64% copper, 0.21g/t gold from 96.27m in 11BERD0104), thereby extending the distribution of known mineralisation within this zone. A full list of drilling results from this program is provided in Table 1 of this report.

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 nearby Eloise Copper Mine.

After receiving the results from the 2012 drilling program, Breakaway appointed an independent mining consultancy group to calculate a maiden Mineral Resource for the Sandy Creek Project in accordance with the JORC Code. In September 2012 the resource estimate was completed with a maiden Inferred Resource (Table 1), 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.

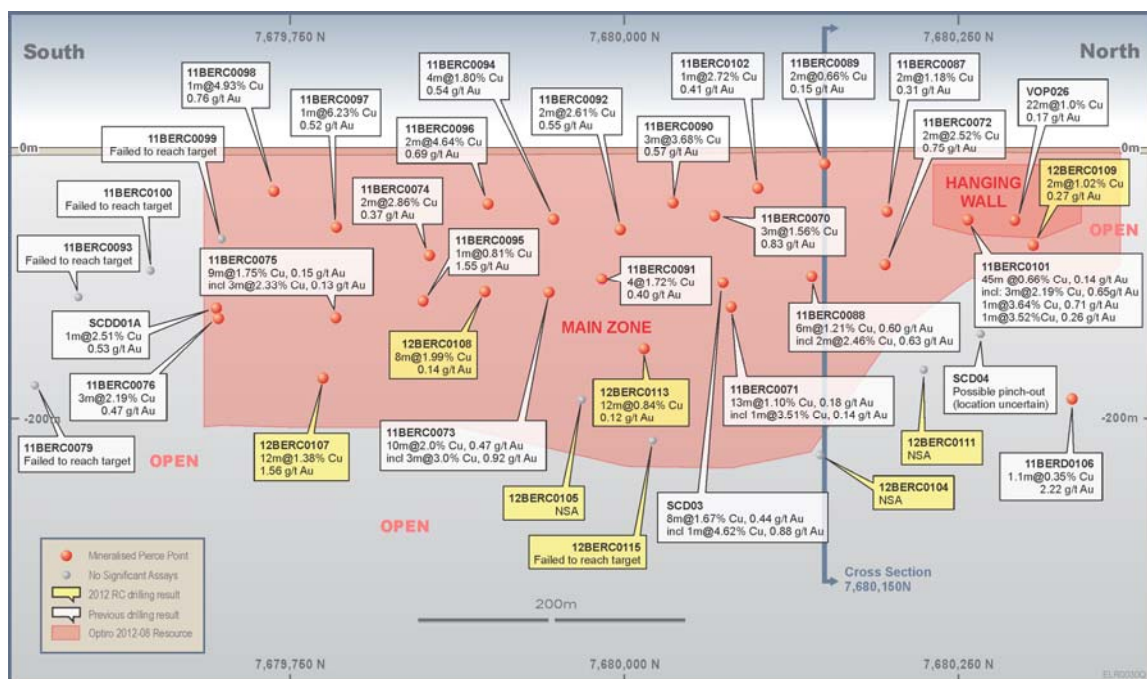


Figure 3: Sandy Creek Project Long Section showing the Main Zone resource

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 7 and 8 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 3).

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, which is located approximately 20km east of Sandy Creek. Some of the more significant intersections from this drilling are shown in Figure 3 and 4.

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 4). The mineralisation remains open in most directions and requires further drilling, as highlighted by the intersections in Figure 4.

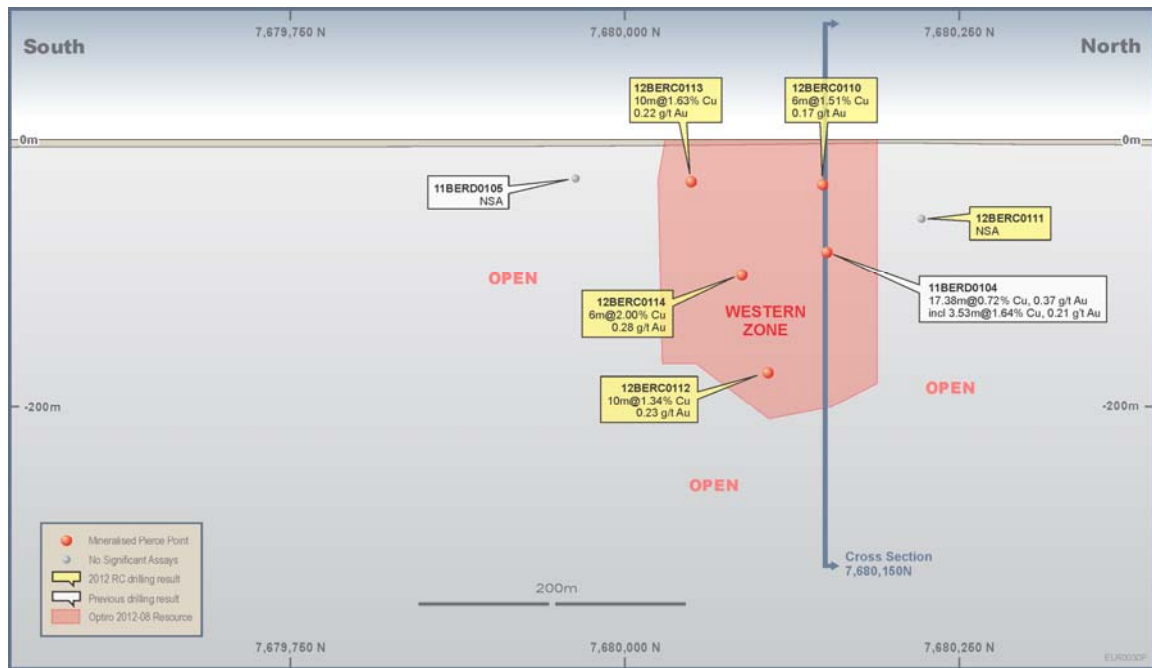


Figure 4: Sandy Creek Project Long Section showing the Western Zone resource

A cross-section through the Main Zone and Western Zone (Figure 5) 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.

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.

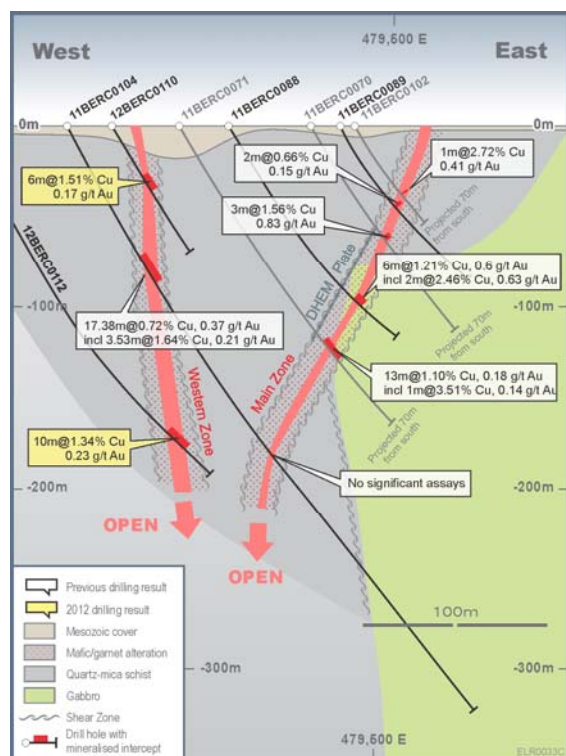


Figure 5: Sandy Creek Cross Section

ELOISE COPPER MINE (BRW 30% NET PROFIT ROYALTY)

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 5km²).

The owner of the Eloise Copper Mine, FMR Investments Pty Ltd, advised that operations at the mine continued to perform satisfactorily during the year following re-commencement of mining activities in January 2011 with the processing plant being upgraded to process 720,000 tonnes per annum (currently 600,000tpa).

While the Company does not factor in any royalty receipts from the 30% Net Profit Interest going forward, the re-opening of the mine is of strategic significance given the Company's expended exploration activities in the area.

ALTIA JOINT VENTURE PROJECT (BHP BILLITON EARNING 70%)

As announced on 17 May 2012, Breakaway's joint venture partner BHP Billiton advised its intention to withdraw from the Altia Joint Venture. The decision was based on the results of a commercial and technical review undertaken by BHP Billiton following the completion of 6,884 metres of deep diamond drilling surrounding the 7.5Moz Altia Silver Deposit during the 2010 and 2011 field seasons.

While this drilling demonstrated that the Altia Deposit lies within a broad mineralised system where silver-lead-zinc mineralisation has been intersected over a strike length of 1,200m and to a vertical depth of 800m, BHP Billiton believes there is limited potential for Altia to meet BHP Billiton commercial criteria.

BROADER ALTIA JOINT VENTURE PROJECT (SANDFIRE RESOURCES EARNING 80%)

BHP's withdrawal created a significant exploration opportunity for Breakaway, providing an extensive database of new geological information generated during the joint venture period.

In September 2012, Breakaway announced that it had 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.

In addition, Sandfire injected \$600,000 to acquire a 6.3% stake in Breakaway, representing a strong endorsement of the exploration potential of the Broader Altia Project as well as Breakaway's broader copper-gold portfolio.

The tenements encompassed by the Joint Venture include the Altia Deposit, where Breakaway has delineated a maiden Inferred Mineral Resource (Table 6), the Boralis prospect to the North, as well as a tenement to the south incorporating the Coral Reef prospect (*Figure 2*).

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.

NICKEL EXPLORATION – WESTERN AUSTRALIA

WILDARA PROJECT GROUP – (BREAKAWAY 100%) AND VIVIEN / MIRANDA PROJECT – (BREAKAWAY 100% NICKEL RIGHTS)

Located within the world-class Leinster Nickel District (9Mt nickel metal), the Wildara Project Group comprises the 100%-owned Wildara, Mt Clifford and Yilaree Project Project. Wildara hosts the Horn Nickel Deposit (2008 JORC Code Compliant Inferred Resource of 600,000t at 1.39% nickel, 0.2% copper – 8,300t nickel metal) within the centrally located Roadside Ultramafic Belt, which is interpreted to be the southern extension of the Perseverance Ultramafic Belt which hosts the world-class Leinster nickel deposits further to the north (*Figure 6*).

The Vivien / Miranda Project is located immediately south of Xstrata's Cosmos Nickel Deposits (+0.5Mt nickel metal) and covers the interpreted southern extension of the Mt Goode Ultramafic Belt which hosts these deposits (Figure 6).

At Vivien / Miranda, Breakaway owns 100% of the nickel rights with Agnew Gold Mining Company Pty Ltd owning the gold rights. Significantly, most of the historic exploration activity in project area has been targeted towards gold.

As part of the strategic review, in September 2012, Breakaway reached agreement with Agnew Gold Mining Company Pty Ltd to close out the mining rights arrangements in respect of the Vivien and Miranda tenements.

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

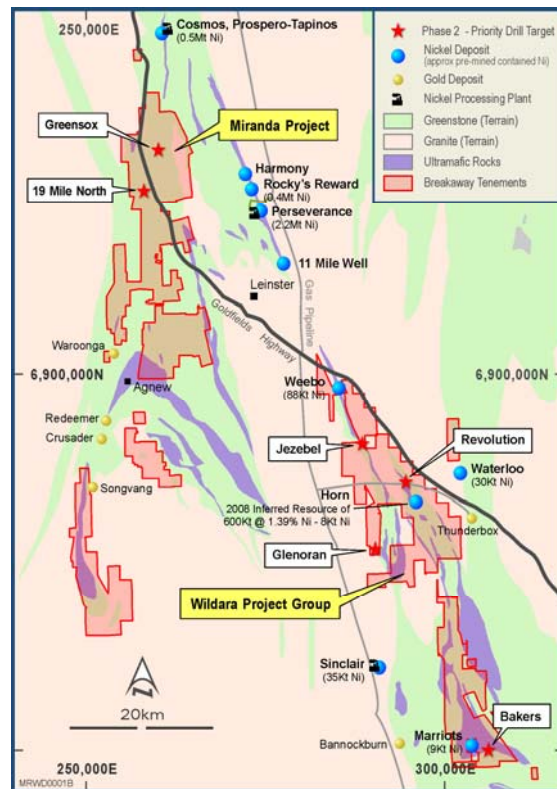


Figure 6: Leinster District Nickel Projects

Given the emerging significance of the Queensland Eloise Exploration Project and the positive results from its initial copper-gold drilling programmes, Breakaway is undertaking a strategic review of the future of the Leinster District nickel projects.

SCOTIA PROJECT (100% NICKEL RIGHTS)

The Scotia Nickel Project (238km²) is located 65km north of Kalgoorlie in Western Australia, and covers approximately 40 strike kilometres of the nickel sulphide bearing Scotia Ultramafic, which hosts the historic Scotia Nickel Mine (production of 581,973 tonnes at 2.34% Ni) and the Saints Nickel Target, as well as several near-surface nickel geochemical anomalies (Figure 8).

Nickel sulphide mineralisation at the Saints is present as a series of thin structurally-controlled planar zones developed along two parallel ultramafic/basalt contacts termed the Eastern and Western Contact respectively. On the Eastern Contact, two mineralised zones located 400m apart are present – St Andrews and St Patricks (further details on the mineralisation can be found in the Company's Annual Report for the Year ending 30 June 2010).

The Western Contact was discovered by Breakaway in 2007 following up anomalous aircore geochemistry. Subsequent drilling over 600 metres strike extent located +1% nickel sulphides in a large number of holes with grades up to 6.29% Ni.

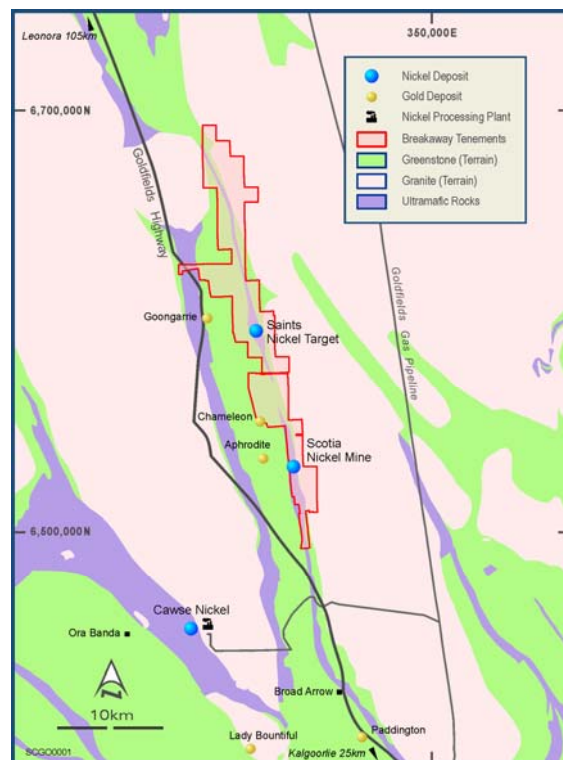


Figure 8: Scotia Project Location Plan

A zone of higher grade matrix sulphides with an interpreted north plunging geometry, defined by Breakaway at the southern end of the Western Contact, has been drilled on nominal 50 metre centres over approximately 150 metres strike length to a vertical depth of 180 metres.

During the 2010/2011 year, one diamond drill hole (11BSGD0075) was completed to further test the prospective southern end of the Western Contact approximately 100 metres below existing mineralisation at a vertical depth of 300 metres. While the drill hole intersected a 6 metre wide (downhole width) zone of brecciated basalt and sulphides (pyrrhotite) at the prospective contact position, no significant results were returned and the target was downgraded.

CORPORATE

CAPITAL RAISING

The Company completed a \$1.1 million capital raising (before costs) at the end of 2011 through a strategic share placement to clients of Patersons Securities Limited, including the Company's second-largest shareholder FMR Investments Pty Ltd and several other existing major shareholders.

In September 2012, Sandfire Resources agreed to inject \$600,000 to acquire a 6.3% strategic stake in Breakaway. Following completion of this share placement, the Company's issued capital is 414.3 million shares.

DIVESTMENT OF SCOTIA PROJECT GOLD RIGHTS

As announced 16 June 2011, Breakaway signed a Farm-in and Joint Venture Heads of Agreement with Aphrodite Gold Limited (ASX: AQQ), whereby Aphrodite can earn up to an 80% interest in the Scotia Project Gold Rights by spending \$1.5 million over a period of up to 4 years.

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 Aphrodite Gold's +1Moz Aphrodite Deposit (5km to the west) and the +5Moz Paddington Deposits (approximately 30km 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 (Figure 9).

At Chameleon, gold mineralisation occurs within a steeply-dipping, north-plunging shoot that has been previously drilled on nominal 50 metre centres, over 300 metres strike and to a depth of 200 metres.

Mineralisation remains open both at depth and along strike with numerous positive intersections returned from historic drilling including 29m @ 3.40g/t gold from 124 metres in GG382, 22m @ 5.43g/t gold from 150 metres in GG390, and 8m @ 3.39g/t gold from 202 metres in GG401.

During 2012, Aphrodite completed a maiden Reverse Circulation (RC) drilling programme (16 holes – 3,170 metres) at the Chameleon prospect, with better intercepts including 12m @ 10.99g/t gold from 66 metres in CHR001, 11m @ 2.05g/t gold from 129 metres in CHR002, 8m @ 1.51g/t gold from 227 metres in CHR009, and 6m @ 4.48g/t gold from 92 metres in CHR0016.

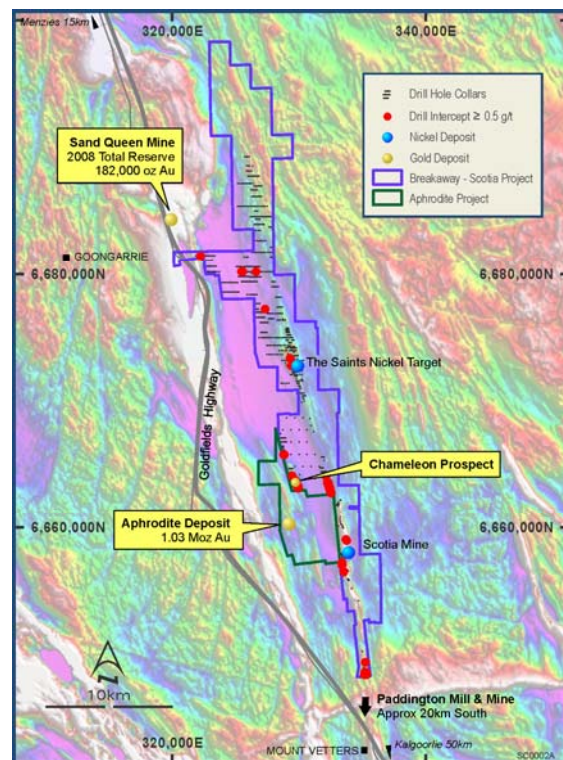


Figure 9: Scotia Project Gold Occurrences

Table 1: Drill-hole intercepts – Eloise exploration project

Hole ID	Northing	Easting	Dip°	AziMag°	From	Width	g/tAu	%Cu	g/tAg	%Pb	%Zn
11BERC0054	7,682,196	488,341	-60	90	No Significant Intersection						
11BERC0055	7,682,185	488,268	-60	90	No Significant Intersection						
11BERC0056	7,682,182	488,193	-60	90	No Significant Intersection						
11BERC0057	7,682,322	488,174	-60	90	114	1	31.7	-	7.1	-	0.57
"	"	"	"	"	116	5	0.14	0.38	30.4	1.85	3.32
"	"	"	"	"	127	2	-	-	-	-	0.98
11BERC0058	7,682,185	488,268	-60	270	77	2	0.15	0.75	1.65	-	0.12
11BERC0059	7682725	480302	-60	270	89	7	0.67	1.13	4.7	-	-
11BERC0060	7682775	480302	-60	270	Hole abandoned - Failed to reach target						
11BERC0061	7682825	480302	-60	270	84	1	3.28	0.62	-	-	-
"	"	"	"	"	96	1	2.42	0.16	-	-	-
"	"	"	"	"	106	4	1.35	0.80	13.7	0.21	1.45
11BERC0062	7682925	480292	-60	270	16	2	0.14	2.17	4.25	-	-
"	"	"	"	"	113	1	1.59	0.66	2.50	-	-
11BERC0063	7682975	480292	-60	270	111	1	4.28	1.00	3.80	-	-
"	"	"	"	"	116	1	0.71	0.99	-	-	-
11BERC0064	7682875	480302	-60	270	64	1	8.04	0.79	10.0	0.14	-
11BERC0065	7682665	480272	-60	270	83	2	1.80	1.02	2.30	-	-
11BERC0066	7682575	480272	-60	270	No Significant Intersection						
11BERC0067	7682475	480242	-60	270	No Significant Intersection						
11BERC0068	7683100	480340	-60	270	No Significant Intersection						
11BERC0069	7683230	480370	-60	270	No Significant Intersection						
11BERC0070	7680070	479455	-60	90	58	3	0.83	1.56	8.0	0.02	1.60
"	"	"	"	"	104	12	1.25	0.02	-	-	0.03
11BERC0071	7680109	479380	-60	90	140	13	0.18	1.10	5.1	-	-
<i>including</i>					152	1	0.14	3.51	21.2	-	0.33
11BERC0072	7680200	479431	-60	90	99	2	0.75	2.52	8.7	-	0.40
"	"	"	"	"	105	6	0.16	0.59	2.1	-	0.04
"	"	"	"	"	118	1	0.16	1.46	5.4	-	0.42
11BERC0073	7679949	479402	-60	90	121	10	0.47	2.00	7.8	-	0.11
<i>including</i>					128	3	0.92	3.00	11.0	-	0.11
11BERC0074	7679854	479438	-60	90	93	2	0.37	2.86	17.8	0.05	0.53
11BERC0075	7679784	479472	-60	90	139	9	0.15	1.75	28.9	0.36	0.31
<i>including</i>					145	2	0.31	1.34	70.2	1.19	0.41
11BERC0076	7679705	479515	-60	90	146	3	0.47	2.19	9.9	-	-
11BERC0077	7680242	479151	-60	90	No Significant Intersection						
11BERC0078	7680126	479128	-60	90	No Significant Intersection						
11BERC0079	7679570	479505	-60	90	No Significant Intersection						
11BERC0080	7682320	488130	-60	90	165	3	0.04	0.06	0.23	0.01	0.97
"	"	"	"	"	173	5	0.02	0.11	4.30	0.14	3.34
<i>including</i>					176	2	0.03	0.18	1.45	0.03	6.10
"	"	"	"	"	179	2	0.24	1.01	3.70	0.01	0.10
"	"	"	"	"	188	11	0.09	0.03	13.90	0.97	3.42
<i>including</i>					193	2	0.31	0.02	57.40	4.04	7.40
11BERC0081	7682250	488100	-60	90	No Significant Intersection						
11BERC0082	7682370	488200	-60	90	29	4	3.60	-	-	-	-
11BERC0083	7663655	489176	-60	90	62	2	0.33	0.90	-	-	-
11BERC0084	7663713	489206	-60	90	No Significant Intersection						
11BERC0085	7663605	489158	-60	90	No Significant Intersection						
11BERC0086	7682368	488235	-70	135	No Significant Intersection						
11BERC0087	7680200	479480	-60	90	14	2	0.31	1.18	4.8	-	-
"	"	"	"	"	28	1	0.36	0.97	3.1	-	-
"	"	"	"	"	40	1	0.03	0.85	5.4	-	-

"	"	"	"	"	48	2	0.63	0.77	5.2	-	-
"	"	"	"	"	53	7	0.33	1.06	4.0	-	-
Including					58	2	0.55	1.75	6.6	-	-
11BERC0088	7680150	479410	-60	90	106	1	0.06	1.56	6.2	-	-
11BERC0088	"	"	"	"	114	6	0.60	1.21	4.6	-	-
Including					118	2	0.63	2.46	9.4	-	-
11BERC0089	7680150	479470	-60	90	13	2	0.15	0.66	2.2	-	-
11BERC0090	7680040	479465	-60	90	14	2	2.07	0.04	-	-	-
"	"	"	"	"	42	1	0.13	1.18	7.3	-	-
"	"	"	"	"	47	3	0.57	3.68	11.7	0.07	0.69
11BERC0091	7680000	479400	-65	90	113	4	0.40	1.72	6.9	-	-
11BERC0092	7680000	479450	-65	90	37	2	5.23	2.08	8.3	-	0.42
"	"	"	"	"	67	2	0.55	2.61	13.9	-	0.57
11BERC0093	7679600	479600	-60	90	NSI – hole failed to reach target depth						
11BERC0094	7679950	479450	-60	90	60	4	0.54	1.80	16.6	0.14	2.85
11BERC0095	7679850	479500	-65	90	131	1	1.55	0.81	5.7	-	-
11BERC0096	7679900	479475	-65	90	44	2	0.69	4.64	46.3	0.76	2.03
11BERC0097	7679785	479525	-65	90	65	1	0.52	6.23	23.0	-	-
11BERC0098	7679740	479550	-60	90	37	1	0.76	4.93	9.4	-	-
11BERC0099	7679700	479565	-65	90	NSI – hole failed to reach target depth						
11BERC0100	7679650	479590	-65	90	NSI – hole failed to reach target depth						
11BERC0101	7680259	479470	-65	90	36	45	0.14	0.66	2.7	-	-
Including					36	3	0.65	2.19	6.3	-	-
"					48	1	0.71	3.64	43.6	0.69	2.05
"					58	1	1.03	1.40	4.0	-	-
"					70	4	0.13	1.16	4.8	-	0.13
"					80	1	0.26	3.52	18.2	-	4.6
11BERC0102	7680100	479479	-60	90	36	1	0.41	2.72	23.7	-	0.12
11BERD0104	7680150	479320	-60	84	85.42	14.38	0.37	0.72	1.76	-	-
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	-	-
12BERC0107	7,679,800	479,390	-60	90	218	12	1.56	1.38	8.03	-	-
12BERC0108	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	7,680,320	479,470	"	"	46	2	0.27	1.02	2.5	-	-
12BERC0110	7,680,150	479,350	"	"	36	6	0.17	1.51	3.48	-	-
12BERC0111	7,680,250	479,320	"	"	NSI						
12BER0112	7,680,150	479,260	"	"	213	10	0.23	1.34	2.65	-	-
12BERC0113	7,680,050	479,340	"	"	32	10	0.22	1.63	3.36	-	-
and					186	12	0.12	0.84	2.98	-	-
12BERC114	7,680,100	479,300	"	"	118	6	0.28	2	5.48	-	-
12BERC0115	7,679,899	479,378	-70	"	NSI – hole failed to reach target						
12BERC116	7,680,220	479,340	-60	"	NSI						

Table 2: Drill hole intercepts – Altia Project

Hole ID	Northing	Easting	Dip°	AziMag°	From	Width	g/tAg	%Pb	%Zn
ADD10_09	7678400	497000	-60	263	1,144.00	2.00	2.86	0.49	0.42
<i>including</i>					1,144.40	0.20	4.90	3.12	0.42
ADD10_06	7678200	497035	-60	83	664.00	7.00	0.71	0.06	0.28
"	"	"	"	"	674.40	1.15	3.14	0.63	0.46
"	"	"	"	"	688.00	10.00	1.14	0.08	0.65
<i>including</i>					694.00	2.00	2.72	0.21	1.61
<i>including</i>					694.80	0.30	3.12	1.03	5.39
ADD10_01	7678200	496435	-60	263	No Significant Intersection				
ADD10_05	7678000	497035	-80	83	No Significant Intersection				
ADD10_11	7678600	497000	-85	280	Hole abandoned				
ADD10_11A	7678600	497005	-85	280	No Significant Intersection				
ADD10_11B	7678600	497005	-80	328	Wedge hole off ADD10_11A - No Significant Intersection				

Table 3: Drill hole intercepts – Western Australia NICKEL EXPLORATION

Hole ID	Northing	Easting	Dip°	Azi Mag°	From	Width	Ni%	Cu%	Pt+Pd ppb
WILDARA PROJECT GROUP AND MIRANDA PROJECT									
08BMCD0008	6850139	305227	-85	160	246.0	4.33	0.37	0.12	161
08BMCD0009	6850049	305007	-60	135	280.95	0.38	0.44	0.16	81
08BMCD0010	6849949	304777	-60	125	No Significant Intersection				
11BMAC0003	6927000	260250	-60	270	No Significant Intersection				
11BMAC0006	6924100	257690	-60	90	No Significant Intersection				
11BMAC0007	6924100	257810	-60	90	No Significant Intersection				
11BMAD0001	6925403	258262	-60	90	No Significant Intersection				
11BMAD0002	6925253	258241	-60	90	No Significant Intersection				
11BWDD0004	6875980	290290	-60	90	No Significant Intersection				
11BWDD0005	6890470	287750	-60	90	No Significant Intersection				
SCOTIA PROJECT									
11BSGD0075	6672120	329450	-65	75	No Significant Intersection				

Table 4: Drill hole intercepts – Scotia gold rights joint venture

Hole ID	Prospect	Northing	Easting	Dip°	Azi Mag°	From	Width	g/t Au	
CHR0001	Chameleon	6663159	329740	-60	90	52	5	1.64	
"	"	"	"	"	"	66	12	10.99	
CHR0002	Chameleon	6663228	329641	-60	90	129	11	2.05	
"	"	"	"	"	"	142	1	0.56	
CHR0003	Chameleon	6663288	329570	-60	90	160	2	0.89	
CHR0004	Chameleon	6663368	329574	-60	90	65	3	0.72	
"	"	"	"	"	"	111	2	1.69	
"	"	"	"	"	"	132	7	1.40	
CHR0005	Chameleon	6663449	329562	-60	90	85	1	0.51	
"	"	"	"	"	"	105	2	1.60	
CHR0006	Chameleon	6663040	329749	-60	90	22	1	0.91	
"	"	"	"	"	"	194	2	2.77	
CHR0007	Chameleon	6663448	329510	-60	90	No Significant Intersection			
CHR0008	Chameleon	6663047	329720	-60	90	194	2	2.77	
"	"	"	"	"	"	201	4	1.10	

"	"	"	"	"	"	210	2	2.39
CHR0009	Chameleon	6663158	329639	-60	90	227	8	1.51
<i>including</i>						227	1	3.70
CHR0010	Chameleon	6662884	329780	-60	90	125	1	0.69
CHR0011	Chameleon	6663222	329535	-60	90	No Significant Intersection		
CHR0012	Chameleon	6662956	329660	-60	90	No Significant Intersection		
CHR0013	Chameleon	6663222	329542	-60	90	No Significant Intersection		
CHR0014	Chameleon	6663679	329422	-60	90	No Significant Intersection		
CHR0015	Chameleon	6663120	329610	-60	90	No Significant Intersection		
CHR0016	Chameleon	6663160	329720	-60	90	92	6	4.48
"	"	"	"	"	"	106	2	1.61
CHR0017	Chameleon	6663074	329762	-60	090	<i>No Significant Intercepts</i>		
CHR0018	Chameleon	6663265	329666	-60	090	<i>No Significant Intercepts</i>		
CHR0019	Chameleon	6663189	329681	-60	090	136	6	1.50
CHR0020	Chameleon	6663159	329730	-60	090	85	2	1.13
"	"	"	"	"	"	103	6	0.58

NOTES SPECIFIC

NOTES SPECIFIC TO EXPLORATION DRILL HOLE NAMING AND NOMENCLATURE:

- i) 12BERC = RC Percussion drill hole (Eloise Exploration Project)
- ii) 11BERD = Diamond drill hole (Eloise Exploration Project)
- iii) 11BERC = RC Percussion drill hole (Eloise Exploration Project)
- iv) ADD10 = Diamond drill hole (Altia Joint Venture Project)
- v) 08BMCD = Diamond drill hole (Mt Clifford Project)
- vi) 11BMAC = RC Percussion drill hole, and 11BMAD = Diamond drill hole Miranda Project)
- vii) 11BWDD = Diamond drill hole (Wildara Project)
- viii) 11BSGD = Diamond drill hole ((Scotia Project)
- ix) CHR = RC Percussion drill hole (Chameleon prospect – Scotia Gold Rights Joint Venture)
- x) Au – gold, Ag – silver, Cu – copper, Pb – lead, and Zn – zinc.

NOTES SPECIFIC TO THE ELOISE EXPLORATION PROJECT DRILL HOLE RESULTS:

- All Reverse Circulation 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 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.
- The intersection obtained from 104 metres in 11BERC0070 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.
- The prospect name abbreviations used in the drill hole results table are as follows: S. Ridge (Surprise Ridge), R. Creek (Roberts Creek), S. Creek (Sandy Creek), and C. Reef (Coral Reef).

NOTES SPECIFIC TO THE ALTIA JOINT VENTURE PROJECT DRILL HOLE RESULTS :

- 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 diamond drill hole results were obtained from analysis of half - core samples whose sample intervals were determined initially by logging of geological boundaries within the drill hole. Maximum sample length was typically 1 metre.
- 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 are calculated using a 0.1% lead, 0.1% zinc, and 1.0g/t silver 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).

NOTES SPECIFIC TO THE WILDARA PROJECT GROUP AND MIRANDA PROJECT DRILL HOLE RESULTS :

- All Reverse Circulation 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 diamond drill hole results were obtained from analysis of half - core samples whose sample intervals were determined initially by logging of geological boundaries within the drill hole. Maximum sample length was typically 1 metre.

- All samples were prepared at Genalysis Laboratory Services Pty Ltd's Kalgoorlie Sample Preparation facility using a single stage mix and grind technique. Nickel analysis (1ppm detection limit) was carried out at Genalysis' Perth laboratory by subjecting a 50-gram portion of the sample to a four acid digest and analysing the sample by Inductively Coupled Plasma Optical Emission Spectrometry (ICPOES).
- Intersections are reported as down hole widths, not true widths.
- Significant results quoted throughout the body of this report are calculated without using a lower cut off and are determined on the basis of their interpreted geological significance
- The location of drill holes were determined using a handheld GPS achieving +/- 4 metre accuracy and using the MGA datum (Zone 51). End of hole surveys were obtained using an Eastman single shot survey camera.

NOTES SPECIFIC TO THE SCOTIA PROJECT - SAINTS NICKEL TARGET DRILL HOLE RESULTS:

- All diamond drill hole results were obtained from analysis of half - core samples whose sample intervals were determined initially by logging of geological boundaries within the drill hole. Maximum sample length was typically 1 metre.
- All samples were prepared at Genalysis Laboratory Services Pty Ltd's Kalgoorlie Sample Preparation facility using a dual stage crush and pulverisation technique. Nickel analysis (1ppm detection limit) was carried out at Genalysis' Perth laboratory by subjecting a 50 gram portion of the sample to a multi acid digest and analysing the sample by Inductively Coupled Plasma Optical Emission Spectrometry (ICPOES).
- Intersections are reported as down hole widths, not true widths.
- Significant results quoted throughout the body of this report are calculated without using a lower cut off and are determined on the basis of their interpreted geological significance
- The location of drill holes were determined using a handheld GPS achieving +/- 4 metre accuracy and reading AMG coordinates (Zone 51). End of hole surveys were obtained using an Eastman single shot survey camera.

NOTES SPECIFIC TO THE SCOTIA GOLD RIGHTS JOINT VENTURE DRILL HOLE RESULTS:

- 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.

NOTES SPECIFIC TO THE RESOURCE ESTIMATION OF THE HORN DEPOSIT, WILDARA PROJECT:

The resource estimate was completed by Breakaway Resources Limited in accordance with the 2004 Guidelines of the Australasian Joint Ore Reserves Committee (JORC) Code for reporting Mineral Resources and Ore Reserves (JORC, 2004).

Table 5: *Horn Deposit Mineral Resource*

Tonnes	Ni (%)	Cu (%)	Pd+Pt (g/t)	Ni Metal (t)	Cu Metal (t)	Contained Pt +Pd (oz)
600,000	1.39	0.30	0.5	8,300	1,800	10,000oz

Methodology:

The resource estimate is based on 11 diamond and 1 RC drill holes carried out on a nominal 50m by 50m spacing, cross sectional interpretations of the geology and systematic assaying by an experienced, reputable commercial laboratory. The deposit boundary was defined by a 0.5% Ni cutoff grade which coincides with the geological boundary of disseminated/matrix sulphides. The estimate adopted a conventional, cross-sectional, polygonal technique. Individual blocks were defined around drill hole intersections with block boundaries on and between cross sections defined by the midpoints with adjacent holes and geological constraints. Block volumes were estimated by digitising the cross sectional areas of the blocks multiplied by their lengths. The tonnage for each block was estimated using the volume and averaged length weighted density measurements for individual drill hole samples forming the selected intersection. Block grades were estimated from averaged length and density weighted assays for each block intersection.

NOTES SPECIFIC TO THE RESOURCE ESTIMATION OF THE ALTIA SILVER-LEAD - ZINC DEPOSIT, ELOISE EXPLORATION 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

* The contained metal and ounces lie wholly within the Resource boundaries and do not imply recoverable metal.

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.

NOTES SPECIFIC TO THE RESOURCE ESTIMATION OF THE SANDY CREEK DEPOSIT, ELOISE EXPLORATION PROJECT:

Table 7: 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. 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 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.

Table 8: 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: All figures are rounded to reflect appropriate levels of confidence. Apparent differences occur due to rounding.

COMPETENT PERSONS CONSENT

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 (MAusIMM) and 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 of the matters based on information in the form and context in which it appears in this report.

The information in this report that relates to Mineral Resources or Ore Reserves for the Horn Nickel Sulphide Deposit is based on information compiled by Mr David Hutton, who at the time was a full time employee of the Company. Mr Hutton is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and 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 of the matters based on information in the form and context in which it appears in this report.

The information in this report that relates to the estimation of the Altia Mineral Resource was compiled by Mr Justin Watson, who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Watson is a full time employee of Snowden Mining Industry Consultants 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 Watson consents to the inclusion of this information in the form and context in which it appears in this report.

The information in this Report that relates to Exploration Results for the Scotia Project Gold Rights Joint Venture is based on information compiled by Leon Reisgys Exploration and Development Director of Aphrodite Gold Ltd, who is a Fellow of The Australasian Institute of Mining and Metallurgy (AusIMM) and Member of The Australian Institute of Geoscientists (AIG). Mr Reisgys has sufficient experience that is relevant to the style of mineralisation and type of

deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration, Mineral Resources and Ore Reserves”. He consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.

Mr. Reigys 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.

MINERAL TENEMENT SCHEDULE

BUNGALBIN PROJECT					
<i>Tenement</i>	<i>Interest %</i>				
M7700580	100%				

M – Mining Lease
E – Exploration Licence
L – Miscellaneous Licence
P – Prospecting Licence
(a) – Application

EPM – Exploration Permit for Minerals
MDL – Mineral Development Licence

ELOISE PROJECT					
<i>Tenement</i>	<i>Interest %</i>	<i>Tenement</i>	<i>Interest %</i>		
EPM 17838	100%	MDL 00431(a)	100%		
EPM 18442(a)	100%	MDL 00432(a)	100%		

KAMBALDA WEST PROJECT							
<i>Tenement</i>	<i>Interest %</i>	<i>Tenement</i>	<i>Interest %</i>	<i>Tenement</i>	<i>Interest %</i>		
P 1504876	100%	P 1504882	100%				
P 1504877	100%	P 1504883	100%				
P 1504878	100%	P 1504886	100%				
P 1504879	100%						
P 1504880	100%						
P 1504881	100%						

MIRANDA NICKEL PROJECT							
<i>Tenement</i>	<i>Interest %</i>	<i>Tenement</i>	<i>Interest %</i>	<i>Tenement</i>	<i>Interest %</i>		
M 3600123	100%	M 3600089	100% of Base Metal Rights	P 3601570	100% of Base Metal Rights		
M 3600166	100%	M 3600090	100% of Base Metal Rights	P 3601574	100% of Base Metal Rights		
M 3600167	100%	M 3600111	100% of Base Metal Rights	P 3601575	100% of Base Metal Rights		
M 3600168	100%	M 3600113	100% of Base Metal Rights				
E 3600613	100% of Base Metal Rights	M 3600114	100% of Base Metal Rights	P 3601576	100% of Base Metal Rights		
E 3600614	100% of Base Metal Rights	M 3600115	100% of Base Metal Rights	P 3601577	100% of Base Metal Rights		
E 3600615	100% of Base Metal Rights	M 3600116	100% of Base Metal Rights	P 3601578	100% of Base Metal Rights		
E 3600616	100% of Base Metal Rights	M 3600119	100% of Base Metal Rights	P 3601579	100% of Base Metal Rights		
E 3600617	100% of Base Metal Rights	M 3600120	100% of Base Metal Rights	P 3601580	100% of Base Metal Rights		
E 3600618	100% of Base Metal Rights	M 3600121	100% of Base Metal Rights	P 3601581	100% of Base Metal Rights		
E 3600619	100% of Base Metal Rights	M 3600138	100% of Base Metal Rights	P 3601582	100% of Base Metal Rights		
E 3600620	100% of Base Metal Rights	M 3600139	100% of Base Metal Rights	P 3601583	100% of Base Metal Rights		
M 3600034	100% of Base Metal Rights	M 3600140	100% of Base Metal Rights	P 3601591	100% of Base Metal Rights		
M 3600061	100% of Base Metal Rights	M 3600141	100% of Base Metal Rights	P 3601592	100% of Base Metal Rights		
M 3600062	100% of Base Metal Rights	M 3600142	100% of Base Metal Rights	P 3601593	100% of Base Metal Rights		
M 3600063	100% of Base Metal Rights	M 3600163	100% of Base Metal Rights	P 3601594	100% of Base Metal Rights		
M 3600064	100% of Base Metal Rights	M 3600164	100% of Base Metal Rights	P 3601595	100% of Base Metal Rights		
M 3600069	100% of Base Metal Rights	M 3600165	100% of Base Metal Rights	P 3601596	100% of Base Metal Rights		
M 3600070	100% of Base Metal Rights	M 3600182	100% of Base Metal Rights	P 3601597	100% of Base Metal Rights		
M 3600071	100% of Base Metal Rights	M 3600233	100% of Base Metal Rights	P 3601598	100% of Base Metal Rights		
M 3600072	100% of Base Metal Rights	M 3600234	100% of Base Metal Rights	P 3601599	100% of Base Metal Rights		
M 3600073	100% of Base Metal Rights	M 3600292	100% of Base Metal Rights	P 3601600	100% of Base Metal Rights		
M 3600074	100% of Base Metal Rights	M 3600301	100% of Base Metal Rights	P 3601644	100% of Base Metal Rights		
M 3600075	100% of Base Metal Rights	M 3600317	100% of Base Metal Rights				
M 3600077	100% of Base Metal Rights	P 3601569	100% of Base Metal Rights				

MOONTA JV PROJECT			
<i>Tenement</i>	<i>Interest %</i>		
E 3733 (part of)	10%		

MT CLIFFORD PROJECT

<i>Tenement</i>	<i>Interest %</i>	<i>Tenement</i>	<i>Interest %</i>
E 3700761	100%	P 3707170	100%
E 3700762	100%	P 3707370	100%
E 3700909	100%	P 3707371	100%
M 3700806	100%	P 3707372	100%
P 3707169	100%	P 3707373	100%

MT OSPREY JV PROJECT

<i>Tenement</i>	<i>Interest %</i>	<i>Tenement</i>	<i>Interest %</i>
EPM 008515	30% (Diluting)	EPM 011698	30% (Diluting)

SCOTIA NICKEL PROJECT

<i>Tenement</i>	<i>Interest %</i>	<i>Tenement</i>	<i>Interest %</i>
E 2900162	100%	P 2902105	100%
E 2900529	100%	P 2902117	100%
E 2900661	100%	P 2902118	100%
E 2900719	100%	P 2902119	100%
M 2400279	100%	P 2902120	100%
M 2400336	100%	P 2902121	100%
P 2901932	100%	M 2900245(a)	100%
P 2901933	100%	M 2900246(a)	100%
P 2902025	100%		

WILDARA PROJECT

<i>Tenement</i>	<i>Interest %</i>	<i>Tenement</i>	<i>Interest %</i>
E 3600235	100%	M 3600548	100%
M 3600475	100%	M 3700771	100%
M 3600502	100%	M 3700772	100%
M 3600524	100%	M 3700877	100%
M 3600526	100%	M 3700878	100%

YILLAREE JV PROJECT¹

<i>Tenement</i>	<i>Interest %</i>	<i>Tenement</i>	<i>Interest %</i>
E 3600245	81.27%	M 3600507	81.27%
E 3600273	81.27%	M 3600511	81.27%
E 3600630	81.27%	P 3601655	81.27%
E 3600631	81.27%	P 3601656	81.27%
E 3600702	81.27%		
E 3600765	81.27%		

Note 1 – interest to 100% post 30 June – transfer being processed by Department of Mines & Petroleum

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of Breakaway Resources Limited ("Breakaway or the Company"), being the Company and its controlled entities, for the year ended 30 June 2012 and the Auditor's report thereon.

DIRECTORS

The names and details of the Directors of the Company at any time during or since the end of the financial year are:

JOHN KING ATKINS – CHAIRMAN

(Director since 24 November 2006)

John Atkins is an experienced company director and one of Perth's most experienced corporate lawyers holding a Bachelor of Law from the University of Western Australia and a Masters of Law from London University. Mr Atkins is the Chairman, Western Australia for ANZ, as well as serving on the Board of various entities: Australian Finance Group Ltd, Barrington Consulting Pty Ltd, Lotterywest, Chamber of Commerce and Industry, and the Committee for Perth Ltd. In the 3 years immediately before the end of the financial year, Mr Atkins also served as a director of the following listed companies:

Pearlstreet Limited November 2006 to December 2009

RICKMAN VICTOR RAJASOORIAR – MANAGING DIRECTOR

(Appointed 2 July 2012)

Victor Rajasooriar is a Mining Engineer with over 17 years experience in underground and open pit mining operations. He graduated as a mining engineer from the Western Australian School of Mines (WASM), Curtin University of Technology in 1996. He holds a West Australian First Class Mine Managers Certificate, and is a member of the Australian Institute of Mining and Metallurgy.

Mr Rajasooriar has extensive experience in gold and base metals with that experience gained in Australia and overseas. Most recently, Mr. Rajasooriar was the Executive Director – Operations of Bass Metals Ltd, being responsible for the ongoing development of Bass Metal's Hellyer Mine Project, in Western Tasmania.

Prior to joining Bass Metals Ltd, he was the Mining Operations Manager for Goldfields Australasia Ltd overseeing the Agnew Gold Operations, and prior to that has held Senior Management roles with Grange Resources Ltd (in Tasmania), Newmont Mining Ltd (in Australia and Canada) and Mt. Isa Mines (in Queensland).

JONATHAN ALISTER YOUNG - DIRECTOR

(Director since 10 March 2003)

Jon Young holds a Bachelor of Commerce Degree from the University of Western Australia and qualified as a Chartered Accountant with Price Waterhouse where he worked for several years in their Perth, Melbourne and Sydney offices. For nearly 30 years, Mr Young has worked in the financial markets and is currently Director Private Clients with leading Perth based national stock broking firm Patersons Securities Limited.

For 11 years until the sale of the contracting business in August 2007, Mr Young served as Non-Executive Chairman of the Barmenco Group of companies including Barmenco Limited, one of Australia's largest underground mining contractors and continues to serve as a non-executive director. Mr Young also continues as the Non-Executive Chairman of FMR Investments Pty Ltd (formerly Barmenco Investments Pty Ltd), a major shareholder of Breakaway Resources Limited.

JEFFREY JOHN GRESHAM - DIRECTOR

(Director since 1 October 2006)

Jeff Gresham has over 40 years experience in exploration, mining and the corporate functions both in Australia and overseas. During a career spanning 19 years with WMC he held a number of senior corporate and technical positions, most notably Chief Geologist of the Kambalda Nickel Operations (1981 - 1985), and Executive Vice President Exploration for WMC's Canadian subsidiary Westminster Canada Ltd (1988 - 1993). From 1993 to 1997 he was Managing Director of Wiluna Mines Ltd, General Manager Exploration at Homestake Gold of Australia Ltd (1998 - 2001) and Managing Director of Titan Resources Limited (2004-2006). In addition to his role at Breakaway, Mr Gresham is the Chairman of Rox Resources Limited. In the 3 years immediately before the end of the financial year, Mr Gresham also served as a director of the following listed companies:

Rox Resources Limited Since October 2006
View Resources Limited April 2007 to September 2009

DAVID JAMES HUTTON – MANAGING DIRECTOR

(Resigned 12 June 2012)

Graduating with a Bachelor of Science (Honours) degree from Monash University in 1989, David Hutton is a geologist with more than 20 years experience working in exploration and mining throughout Australia and South America. Mr Hutton has held the positions of Exploration Manager (August 2006 – May 2010), Chief Executive Officer (February 2009 – April 2010) and recently accepted the position of Breakaway's Managing Director. Prior to joining Breakaway, he held a number of senior exploration roles with Forrestania Gold, Western Metals and LionOre Australia where he was mainly involved in gold and base metal exploration throughout the Western Australian Goldfields and Kimberley regions, and 7 years with the MIM Group both in underground mining and exploration roles. Mr Hutton has a strong and successful track record as an explorer.

COMPANY SECRETARY

SIMON JONATHAN STORM

(Company Secretary since 21 September 2009)

Mr Storm is a Chartered Accountant with over 25 years of Australian and international experience in the accounting profession and commerce. He has held various senior finance and/or company secretarial roles with listed and unlisted entities in the banking, resources, construction, telecommunications and property development industries. In the last 10 years he has provided consulting services covering accounting, financial and company secretarial matters to various companies in these sectors.

DIRECTORS' INTERESTS

The following tables set out the relevant interests of each Director in the share capital of the Company at the date of this report and their participation in Board meetings during the year.

Name of Director	Directors' Interests in Ordinary Shares	Number of Options Granted
John Atkins*	469,370	-
Victor Rajasooriar*	190,000	- ¹
Jon Young *	1,842,703	-
Jeff Gresham	506,037	-

Note 1 - subject to shareholder approval at the annual general meeting, 5 million unlisted options are proposed for issue under the Employee Option Scheme.

* Includes shares in which the Director holds a relevant interest but is not the registered holder.

DIRECTORS' MEETINGS

Name of Director	Board Meetings	
	A	B
John Atkins	9	9
Jon Young	8	9
Jeff Gresham	9	9
David Hutton	8	8
Victor Rajasooriar	-	-

A- Number of meetings attended

B- Number of meetings held during the time the Director held office during the year.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were exploration for gold, nickel and copper.

RESULT

The consolidated loss after income tax for the financial year was \$3,122,813 (2011: Loss of \$3,551,716).

DIVIDENDS

No dividend was paid during the year and no dividend will be paid in respect of the current financial year.

REVIEW OF OPERATIONS

During the year, the Group undertook the following activities:

Base Metal Exploration – Queensland

- Significant new copper – gold system over 600 metres strike to 120 metres vertical identified at Sandy Creek copper gold prospect (Eloise Exploration Project);
- RC drill programs were run during the last quarter to test the significance of both the new western zone and DHEM anomaly at Sandy Creek, together with targets within the Eloise Mine Corridor;
- Drilling results will pave the way for a maiden JORC resource estimate; and
- BHP Billiton advised its intention to withdraw from the Altia Joint Venture, creating an exploration opportunity for Breakaway by opening up promising copper and silver exploration targets within the joint venture area, including high-grade silver intersected in past drilling immediately adjacent to the currently defined 7.5Moz silver resource.

Nickel Exploration – Western Australia

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

Gold Exploration – Western Australia

- An RC drilling programme was completed at the Chameleon Prospect (Scotia Project) by the groups Scotia Gold Rights JV partner Aphrodite Gold Limited;
- Significant gold mineralisation was identified over 600 metres strike to 200 metres vertical ahead of planned 2012 resource drilling program; and
- Ten non-core West Kambalda tenements divested to Ramelius Resources for \$300,000 and a 1.5% net smelter royalty ('NSR') on all minerals other than nickel, with Breakaway retaining all Nickel Rights on the tenements.

Corporate

- the Company successfully raised \$1.1 million (before costs) via a share placement in December 2011.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 18 August 2011 the Company issued 74,380,165 fully paid ordinary shares to Norilsk Nickel Australia Pty Ltd on maturity of the 180 converting notes issued to Norilsk, pursuant to the unsecured redeemable converting note agreement dated 13 May 2006.

Other than this, there have been no significant changes in the state of affairs of the consolidated entity during the financial year.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 2 July 2012, Mr Victor Rajasooriar commenced as Managing Director of the Company.

On 4 September 2012 the Company announced it had signed a Farm-in Joint Venture agreement with Sandfire Resources NL for the Broader Altia Project in NW Queensland, targeting all minerals. Sandfire is required to spend \$4 million over 3 years to earn an initial 60% interest, with the option to increase to 80% through further expenditure of \$4 million over a further 3 years. Sandfire has acquired a strategic stake in Breakaway by investing \$600,000 in exchange for the issue of 26,086,956 ordinary shares at 2.3 cents per share.

On 7 September 2012 the Company announced it had reached agreement to sell its non-core Spargos Reward Project in the Kambalda region of Western Australia to South Australian-based minerals explorer Mithril Resources Ltd for \$200,000 in cash, conditional on completion of due diligence.

On 25 September 2012 the Company announced it intended to offer eligible shareholders the opportunity to participate in a Share Purchase Plan to raise \$1.5 million, with the ability to accept oversubscriptions to a maximum of \$2.0 million at the Directors' discretion, to underpin ongoing copper-gold exploration at its flagship Eloise Exploration Project in North Queensland. The Plan entitles eligible shareholders to purchase up to \$15,000 worth of fully-paid ordinary shares in the Company at a subscription price of 2.9 cents per share.

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

LIKELY DEVELOPMENTS

Information as to likely developments in the operations of the Group and the expected results of those operations in subsequent financial years has not been included in this report because, in the opinion of the Directors, it would prejudice the Company's interests.

ENVIRONMENTAL REGULATION

The Group's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its mining and exploration activities situated in Queensland and Western Australia. There are significant environmental regulations under the Queensland and Western Australian Mining and Environmental Protection Acts, including licence requirements relating to waste disposal, water and air pollution and the handling of dangerous goods in relation to these operations. The Company is not aware of any matter that requires disclosure regarding any significant environmental regulation in respect to its operating activities.

SHARE OPTIONS

At the date of this report, unissued ordinary shares of the Company under options are as follows:

Number of Options	Exercise Price	Expiry Date
2,750,000	5.3 cents	11-May-15
2,750,000	10 cents	11-May-15

All options are employee options issued under the terms of the Company's Employee Option Scheme and expire 30 days after termination of the employee's employment.

REMUNERATION REPORT (AUDITED)

This report details the amount and nature of remuneration of each Director of the Company and Executive Officers of the Company during the year.

REMUNERATION POLICY

The remuneration policy is to provide a fixed remuneration component and a specific equity related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in achieving the alignment with shareholder and business objectives.

Compensation levels for key management personnel of the Company and consolidated entity are competitively set to attract and retain appropriately qualified and experienced Directors and Executives. The Board obtains independent advice on the appropriateness of compensation packages given trends in comparative companies locally and the objectives of the Company compensation strategy.

Options are issued under the Employee Option Scheme, at the discretion of the Directors or are issued under specific shareholder approval. All options are issued for no consideration. Options granted as part of the executive remuneration have been valued using a Black Scholes option pricing model, which takes account of factors including the option exercise prices, the current level and volatility of the underlying share price, the risk free rate expected, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

The remuneration policy in regards to setting terms and conditions for the Executive Directors has been developed by the Board taking into account market conditions and comparable salary levels for companies of similar size and operating in similar sectors. Remuneration levels are not dependent upon any performance criteria as the nature of the Group's operations is exploration and they are not generating profits. The Board has not established a policy with regard to individuals limiting their exposure to risk in relation the securities granted as part of remuneration.

Directors receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefit. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

NON-EXECUTIVE DIRECTORS

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payment to the Non-Executive Directors and reviews their remuneration annually, based on market practices, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is \$250,000, last voted upon by shareholders at the 2006 Annual General Meeting.

The Chairman receives up to \$68,670 per annum, inclusive of superannuation. Non-Executive Directors' fees are not linked to the performance of the consolidated entity. Director fees cover all main board activities and committee memberships. There are no retirement allowances that exist for Non-Executive Directors.

Details of the nature and amount of each element of the emoluments of Directors and Executives of the parent entity are set out in the following tables.

Name	Short-Term		Post Employment		Share Based Expense	Total Remuneration \$	Value of Options as Proportion of Remuneration %
	Salaries & Fees \$	Non-Monetary Benefits \$	Superannuation Benefits \$	Termination Benefits \$	Options and Rights \$		
2012							
Executive Director							
David J Hutton ¹	249,560	-	20,339	-	7,341	277,240	3%
Victor Rajasooriar ²	-	-	-	-	-	-	-
Non Executive Directors							
John K Atkins	63,000	-	5,670	-	-	68,670	
Jon A Young	40,500	-	3,645	-	-	44,145	-
Jeffery J Gresham	40,500	-	3,645	-	-	44,145	-
Total	393,560	-	33,299	-	7,341	434,200	
Key Management Personnel							
Simon Storm	62,352	-	-	-	1,161	63,513	-
Total	62,352	-	-	-	1,161	63,513	

Note 1 - resigned 12 June 2012

Note 2 - appointed 2 July 2012

Name	Short-Term		Post Employment		Share Based Expense	Total Remuneration \$	Value of Options as Proportion of Remuneration %
	Salaries & Fees \$	Non-Monetary Benefits \$	Superannuation Benefits \$	Termination Benefits \$	Options and Rights \$		
2011							
Executive Director							
David J Hutton	238,532	-	21,468	-	9,436	269,436	4%
Non Executive Directors							
John K Atkins	63,000	-	5,670	-	-	68,670	
Jon A Young	40,500	-	3,645	-	-	44,145	-
Jeffery J Gresham	40,500	-	3,645	-	-	44,145	-
Total	382,532	-	34,428	-	9,436	426,396	
Key Management Personnel							
Simon Storm	71,700	-	-	-	-	71,700	-
Mark Fletcher (Resigned 4/03/11)	136,651	-	12,299	-	-	148,950	0%
Total	208,351	-	12,299	-	-	220,650	

SERVICE AGREEMENTS

Executive Service Agreement – Mr Victor Rajasooriar (Managing Director)

Employment commenced on 2 July 2012 and an Executive Service Agreement was entered into on 2 June 2012 and is not for a fixed period.

The main terms of the Executive Service Agreement with Mr Rajasooriar for the year under review are as follows:

- remuneration package (inclusive of superannuation) of \$275,000 pa;
- salary reviewed in June each year; and
- the Company and Mr Rajasooriar are entitled to terminate the agreement by giving no less than 3 month's notice.

Remuneration and other terms of employment for the Managing Director and other key management personnel named are formalised in individual open employment contracts with no set terms of agreement. Each of these agreements provide for the participation in the Company's Incentive Option Scheme. All contracts with executives may be terminated early by either party providing four weeks notice. Any vested or unvested options not exercised will be forfeited 4 weeks from the date of resignation.

During the financial year, the following share-based payment arrangements were in existence and the movements during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each specified Director and Officer are as follows:

Specified Directors	Held at 1-Jul-11	Granted as Remuneration	Exercised	Cancelled/Lapsed	Held at 30-Jun-12
John Atkins	-	-	-	-	-
David Hutton ¹	1,750,000	-	-	(1,750,000)	-
Jon Young	-	-	-	-	-
Jeffery Gresham	-	-	-	-	-
Specified Officers					
Simon Storm	-	1,500,000	-	-	1,500,000

1. – Mr Hutton resigned 12 June 2012.

OPTIONS GRANTED TO DIRECTORS AND OFFICERS OF THE COMPANY

During the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following Director and Officers of the Company as part of their Remuneration:

2012	Number of Options Granted	Grant Date	Fair Value per Option \$	Exercise Price	Expiry Date	Number of Options Vested During the Year
Directors						
-	-	-	-	-	-	-
Officers						
Simon Storm	1,500,000	11-May-12	0.85 cents 0.55 cents	750,000 at 5.3 cents 750,000 at 10 cents	11-May-13	-

2011	Number of Options Granted	Grant Date	Fair Value per Option \$	Exercise Price	Expiry Date	Number of Options Vested During the Year
Directors						
David Hutton	1,500,000	30-Nov-10	2.0 cents 1.61 cents 1.33 cents	500,000 at 15 cents 500,000 at 20 cents 500,000 at 25 cents	30-Nov-13	-
Officers						
-	-	-	-	-	-	-

All options granted during the financial year were provided at no cost to the recipients. No options were exercised during the year. The vesting conditions applying to options granted during the year are set out in Note 18.

END OF REMUNERATION REPORT

INSURANCE PREMIUMS

Since the end of the previous financial year the Company has paid insurance premiums in respect of Directors' and Officers' Liability for the current Directors and current and former Officers, including Executive Officers and Secretaries of the Company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of this insurance, as disclosure is prohibited under the terms of the contract.

NON-AUDIT SERVICES

During the year the Company's auditors have performed certain other services in addition to their statutory duties. The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporation Act 2001. The nature and scope of non-audit services has been assessed by the Board to ensure that auditor independence was not compromised.

Details of the amounts paid to the auditor of the Company and its related parties for non-audit services provided during the year are set out below:

Consolidated	
2012	2011
\$	\$
5,354	7,996

REMUNERATION OF AUDITORS – NON AUDIT SERVICES

Amounts received, or due and receivable, for taxation and other services by
*Auditors of the Company – Nexia Perth Audit Services Pty Ltd**

* - previously known as MGI Perth Audit Services Pty Ltd

AUDITOR'S INDEPENDENCE DECLARATION

The copy of the Auditor's Independence Declaration as required under sections 307c of the Corporation Act 2001 is attached to the Independent Auditor's Report and forms part of the Directors' Report.

This report has been signed in accordance with a resolution of the Directors in accordance with s298(2) of the Corporations Act 2001.



John Atkins
Director

Perth
25 September 2012

The Board and Management are committed to Corporate Governance and, to the extent they are applicable to the Company, have adopted the Eight Essential Corporate Governance Principles and each of the Best Practice Recommendations as published by ASX Corporate Governance Council (“ASX Principles and Recommendations”). The Board has adopted comprehensive systems of control and accountability as the basis for the administration of Corporate Governance. These policies and procedures are summarised below. Where the Company’s corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company’s corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Other information about the Company’s Corporate Governance practices as adopted by the Board and which are continually reviewed to ensure they remain consistent with the needs of the company are set out on the Company’s website at www.breakawayresources.com.au.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Summary Statement

Recommendation	ASX Principles and Recommendations	If not, why not	Recommendation	ASX Principles and Recommendations	If not, why not
1.1	√	Refer (a) below	4.2	n/a	n/a
1.2	√	Refer (a) below	4.3	n/a	n/a
1.3	√	Refer (a) below	4.4 ³	n/a	n/a
2.1	√	Refer (b) below	5.1	√	Refer (i) below
2.2	√	Refer (b) below	5.2	√	Refer (i) below
2.3	√	Refer (b) below	6.1	√	Refer (j) below
2.4	X	Refer (c) below	6.2	√	Refer (j) below
2.5	√	Refer (d) below	7.1	√	Refer (k) below
2.6	√	Refer (e) below	7.2	√	Refer (k) below
3.1	√	Refer (f) below	7.3	√	Refer (l) below
3.2	X	Refer (g) below	7.4	n/a	n/a
3.3	X	Refer (g) below	8.1	X	Refer (m) below
3.4	√	Refer (h) below	8.2	n/a	n/a
3.5	X	Refer (g) below	8.3	√	Refer (n) below
4.1	X	Refer (c) below	8.4	n/a	n/a

(a) Principle 1 Recommendation 1.1, 1.2 and 1.3

Companies should establish and disclose functions reserved to the Board and those delegated to senior executives and disclose the process for evaluation of senior executive performance.

Disclosure:

The Company has 3 non-executive directors and a Managing Director. The Managing Director is responsible for ensuring that the Company achieves the goals established by the Board.

The appointments of non-executive directors are formalised in accordance with the regulatory requirements and the Company's constitution.

The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Company and ensuring that Shareholder value is increased.

These policies are set out in the "Statement of Matters Reserved for Decision by the Board" and the "Board and Senior Executives Evaluation" policies, both of which are posted on the Company's website.

(b) Principle 2 Recommendations 2.1, 2.2 and 2.3

A majority of the Board should be independent directors and the Chair should be an independent director. The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

Disclosure:

The independent directors of the Board are John Atkins, who is the Non Executive Chairman, and Jeff Gresham. Jon Young is not an independent director.

(c) Principle 2 Recommendation 2.4 and Principle 4 Recommendations 4.1, 4.2, 4.3 and 4.4

Notification of Departure

Separate nomination and audit committees have not been formed.

Explanation for Departure

The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of separate or special committees is justified at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and ensure that it adheres to appropriate ethical standards. In particular, the Board as a whole considers those matters that would usually be the responsibility of an audit committee and a nomination committee and adheres to their respective Charters. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate audit committee or a separate nomination committee.

(d) Principle 2 Recommendation 2.5

Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

Disclosure:

The Board has adopted a self-evaluation process to measure its performance each year by way of an annual Director's Questionnaire, as well as the Chairman reviewing the individual performance of each Board member. This process includes a review of the composition, performance, effectiveness and skills mix of the Directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Company's Executives include:

Annual performance evaluations carried out by the Managing Director/CEO against an established set of performance targets.

Executive performance evaluation report prepared by the Managing Director/CEO and provided to the Board as a basis for making recommendations to the Board in relation to remuneration levels of Executives.

(e) Principle 2 Recommendation 2.6

Companies should provide the information indicated in the Guide to Reporting on Principle 2.

Disclosure:

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The independent directors of the Company during the Reporting Period are disclosed in (b) above. Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The full Board sits in its capacity as a Nomination Committee.

Performance Evaluation

During the Reporting Period the performance evaluations for the Board and individual directors did occur on an informal basis in accordance with the disclosed process in Recommendation 2.5.

Selection and re-appointment of Directors

The Board considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

Each director other than the Managing Director must retire from office no later than the longer of the third annual general meeting of the company or 3 years following that director's last election or appointment. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Reappointment of directors is not automatic.

(f) Principle 3 Recommendation 3.1

The Company should establish a formal code of conduct.

Disclosure:

Breakaway is committed to the highest standards of ethical business conduct. As part of that commitment, Breakaway established a Code of Conduct to guide executives, management and staff in carrying out their duties and responsibilities. The Code is subject to ongoing review to ensure that Breakaway's standards of behaviour and corporate culture reflect best practice in Corporate Governance.

Breakaway also has a number of specific policies that underpin the Code of Conduct and elaborate on various legal and ethical issues. These policies are designed to foster and maintain ethical business conduct within Breakaway, and govern such things as workplace and human resources practices, handling of confidential information, insider trading, risk management and legal compliance.

In addition, the Board has guidelines dealing with disclosure of interests by Directors in participating and voting at Board meetings where any such interests are discussed. In accordance with the Corporations Act, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered, and may not vote on the matter.

(g) Principle 3 Recommendation 3.2, 3.3 and 3.5

Companies should establish a policy concerning diversity, the measurable objectives for achieving gender diversity, and provide the information listed in Box 3.2 of the Principles & Recommendations for the content of a diversity policy.

Notification of Departure

A Diversity policy has not been established.

Explanation for Departure

The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of a diversity policy is justified at this time.

(h) Principle 3 Recommendation 3.4

Companies should disclose the proportion of woman employees and those in executive positions and on the board.

Disclosure:

Breakaway has 4 employees, of which 1 is a woman. There are no women in senior executive positions or on the board.

(i) Principle 5 Recommendation 5.1 and, 5.2

The Company should have written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance.

Disclosure:

Procedures are in place to ensure that price sensitive information is reported to the ASX in accordance with the Continuous Disclosure Requirements. The Board has nominated the Managing Director and the Company Secretary as being responsible for all matters relating to disclosure.

(j) Principle 6 Recommendation 6.1 and 6.2

Companies should establish a formal Shareholder communication strategy.

Disclosure:

The Company has established a formal Shareholder communication strategy and it actively communicates with its Shareholders in order to identify their expectations and actively promotes Shareholder involvement in the Company. It achieves this by posting on its website copies of all information lodged with the ASX. Shareholders with internet access are encouraged to provide their email addresses in order to receive electronic copies of information distributed by the Company. Alternatively, hard copies of information distributed by the Company are available on request.

(k) Principle 7 Recommendation 7.1 and 7.2

Companies should establish a sound system of risk oversight and management and internal control.

Disclosure:

The Board adopts practices to identify significant areas of risk and to effectively manage those risks in accordance with the consolidated entity's risk profile. Where appropriate the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk. The Company's main areas of risk include:

- Mineral exploration, development and production;
- Fluctuating metal prices and exchange rates;
- Financing; and
- Title to assets.

The Board gives regular consideration to all these matters.

(l) Principle 7 Recommendation 7.3

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

(m) Principle 8 Recommendations 8.1

Notification of departure

Breakaway does not have a separate remuneration committee.

Explanation for Departure

Due to the Company's small size, it does not consider that a separate remuneration committee would add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Company has established a Remuneration Committee Charter and the Board ensures this is adhered to by setting aside time at specified Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with regulatory requirements, especially in respect of related party transactions; that is, none of the Directors will participate in any deliberations regarding their own remuneration or related issues.

(n) Principle 8 Recommendations 8.3

Companies should distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

The policies adopted by the Company are set out in the audited Remuneration report in the Directors' Report.

STATEMENT OF FINANCIAL POSITION	Note	Consolidated	
		2012	2011
		30-Jun	30-Jun
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	6	1,319,779	3,231,428
Trade and other receivables	7	28,831	73,115
Total Current Assets		1,348,610	3,304,543
NON-CURRENT ASSETS			
Trade and other receivables	7	228,278	277,609
Property, plant & equipment	8	70,925	105,095
Available for sale financial assets	9	35,904	80,868
Total Non-Current Assets		335,107	463,572
TOTAL ASSETS		1,683,717	3,768,115
CURRENT LIABILITIES			
Trade and other payables	10	498,692	667,223
Provisions	11	15,476	46,781
Total Current Liabilities		514,168	714,004
NON CURRENT LIABILITIES			
Trade and other payables	10	200,000	-
Provisions	11	621,597	623,830
Total Non Current Liabilities		821,597	623,830
TOTAL LIABILITIES		1,335,765	1,337,834
NET ASSETS		347,952	2,430,281
EQUITY			
Issued capital	12	96,188,265	86,159,378
Converting note	13	-	9,000,000
Reserves	14	711,377	699,780
Accumulated losses	15	(96,551,690)	(93,428,877)
TOTAL EQUITY		347,952	2,430,281

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2012

STATEMENT OF COMPREHENSIVE INCOME	Note	Consolidated	
		2012 \$	2011 \$
Finance revenue	2	113,003	185,152
Total revenue from continuing operations		113,003	185,152
Other revenue	2	547,783	389,629
Employee benefit expenses		(505,754)	(565,424)
Exploration expenditure		(2,522,477)	(2,640,348)
Depreciation and amortisation costs	3	(34,692)	(44,883)
Administration expense		(421,852)	(420,687)
Consultants expense		(110,833)	(176,665)
Occupancy expense		(117,982)	(265,898)
Impairment of assets available for sale		(44,964)	(14,257)
Impairment of fixed assets	3	(14,261)	-
Reversal of rehabilitation provision		-	5,000
Other expenses from ordinary activities		(10,784)	(3,335)
Loss from continuing operations before tax		(3,122,813)	(3,551,716)
Income tax benefit	5	-	-
Net loss for the period		(3,122,813)	(3,551,716)
Other comprehensive income			
Net change in the fair value of available-for-sale financial assets		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(3,122,813)	(3,551,716)
Loss attributable to:			
Owners of Breakaway Resources Ltd		(3,122,813)	(3,551,716)
Total comprehensive income for the period is attributable to:			
Owners of Breakaway Resources Ltd		(3,122,813)	(3,551,716)
Basic (loss)/profit per share (cents per share)	21	(0.84)	(1.33)
Diluted (loss)/profit per share (cents per share)	21	(0.84)	(1.33)

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2012

STATEMENT OF CHANGES IN EQUITY	Ordinary Shares	Converting Notes	Reserves	Accumulated losses	Total attributed to equity holders
	\$	\$	\$	\$	\$
Balance at 1 July 2010	82,544,027	9,000,000	687,198	(89,877,161)	2,354,064
Shares issued during the year	3,835,205	-	-	-	3,835,205
Share-based payments	-	-	12,582	-	12,582
Share issue costs	(219,854)	-	-	-	(219,854)
	<u>86,159,378</u>	<u>9,000,000</u>	<u>699,780</u>	<u>(89,877,161)</u>	<u>5,981,997</u>
Loss attributable to members of the parent entity	-	-	-	(3,551,716)	(3,551,716)
Balance at 30 June 2011	<u>86,159,378</u>	<u>9,000,000</u>	<u>699,780</u>	<u>(93,428,877)</u>	<u>2,430,281</u>
Balance at 1 July 2011	86,159,378	9,000,000	699,780	(93,428,877)	2,430,281
Shares issued during the year	10,111,475	(9,000,000)	-	-	1,111,475
Share-based payments	-	-	11,597	-	11,597
Share issue costs	(82,588)	-	-	-	(82,588)
	<u>96,188,265</u>	<u>-</u>	<u>711,377</u>	<u>(93,428,877)</u>	<u>3,470,765</u>
Loss attributable to members of the parent entity	-	-	-	(3,122,813)	(3,122,813)
Balance at 30 June 2012	<u>96,188,265</u>	<u>-</u>	<u>711,377</u>	<u>(96,551,690)</u>	<u>347,952</u>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS	Note	Consolidated	
		2012 \$	2011 \$
Cash Flows from Operating Activities			
Cash receipts in the course of operations		300,000	373,157
Cash payments in the course of operations		(3,435,368)	(3,543,403)
Interest received		123,453	178,846
R&D - Tax offset		-	124,951
Net cash used in operating activities	6(b)	(3,011,915)	(2,866,449)
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(14,783)	(1,850)
Proceeds from sale of property, plant and equipment		38,386	19,501
Payment for available for sale financial assets		-	(3,125)
Security bond deposits received		47,776	9,846
Net cash used in Investing Activities		71,379	24,372
Cash Flow from Financing Activities			
Proceeds from share issue (net of transaction costs)		1,111,475	3,835,205
Share issue costs		(82,588)	(219,854)
Repayment of hire purchase liability		-	(875)
Net Cash provided by Financing Activities		1,028,887	3,614,476
Net increase/(decrease) in cash held		(1,911,649)	772,399
Cash at the beginning of the financial year		3,231,428	2,459,029
Cash at the End of the Financial Year	6(a)	1,319,779	3,231,428

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

1) NOTES TO THE FINANCIAL STATEMENTS

a) CORPORATE INFORMATION

The financial report of Breakaway Resources Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 25 September 2012. Breakaway Resources Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operation and principal activities of the group are described in the Directors' Report.

b) FUTURE FUNDING OF OPERATIONS

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Company had a net working capital surplus of \$834,442 (2011: \$2,590,539) after experiencing net cash outflows from operating activities of \$3,011,915 (2011: \$2,866,449) and after incurring a comprehensive loss after tax for the year ended 30 June 2012 of \$3,122,813(2011: \$3,551,716).

The Directors have assessed the following matters in relation to the adoption of the going concern basis of accounting by the consolidated entity:

- the consolidated entity successfully completed a capital raising during November 2011 and has the ability to continue doing so on a timely basis, pursuant to the Corporations Act 2001, as is expected to occur in the twelve month period from the date of this financial report;
- subsequent to financial year end the Company has completed a farm in and joint venture agreement with Sandfire Resources NL, which included a \$600,000 share placement.
- the consolidated entity retains the ability to scale down its operations to conserve cash, in the event that capital raisings are delayed or partial; and
- the company and consolidated entity have the ability, if required, to undertake mergers, acquisitions or restructuring activity or to wholly or in part, dispose of interests in mineral exploration and development assets.

Due to the above matters, the Directors believe that it is reasonably foreseeable that the company and consolidated entity will continue as going concerns and that it is appropriate that this basis of accounting be adopted in the preparation of the financial statements. In the event that the Company and consolidated entity is not successful in raising funds from the issue of new equity, there exists a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted in the preparation of this financial report, are:

i. Statement of Compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards (including Australian Interpretation) issued by the Australian Accounting Standards Board. The financial report complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

ii. Basis of Measurement

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets which have been measured at fair value.

The financial report is presented in Australian dollars which is the Group's functional currency.

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Basis of Consolidation

The consolidated financial statements comprise the financial statements of Breakaway Resources Limited and its subsidiaries as at 30 June each year ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Breakaway Resources Limited has control.

iv. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand; cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

v. Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

vi. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

vii. Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash inflows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects

current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. Impairment losses in respect of goodwill are not reversed.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

viii. Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax Consolidation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Breakaway Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the group allocation approach.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

ix. Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Consolidated Entity as Lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

x. Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables and other account payables are measured at amortised cost.

xi. Property, Plant and Equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Leasehold improvements	3 – 10 years
Plant and equipment	3 – 10 years
Equipment under finance lease	3 – 10 years

xii. Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Provisions for the restoration and rehabilitation of mine and industrial sites are determined based on the best estimate of the consideration required to settle the present obligation at the reporting date.

Provisions are reviewed each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, or the best estimate is lower than previously estimated, the provision is reversed to profit.

xiii. Revenue Recognition

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

xiv. Share-Based Payments to Employees

Fair value is measured by use of an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

xv. Exploration, Evaluation and Development

Exploration, evaluation and acquisition costs are expensed as incurred.

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

xvi. Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

xvii. Investments

All investments are initially recognised at fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Group commits to purchase the asset.

xviii. Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognised as an expense when incurred.

xix. Converting Note

The proceeds received from issue of the convertible notes are recognised as an equity instrument at the date of the transaction. Subsequent changes in the fair value of equity instruments are not recognised in the financial statements.

xx. Critical judgements in applying accounting policies

Key sources of estimation uncertainty

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black Scholes option pricing model, using the assumptions detailed in note 18.

Rehabilitation provision

Provisions for the rehabilitation of exploration and mine sites are determined based on the best estimate of the consideration required to settle the present obligation at the reporting date.

xxi. Adoption of new and revised Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard is not expected to impact on the Group's accounting for financial assets as it does not have any available for sale assets. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The Group has decided not to early adopt AASB 9.

(ii) AASB 10 Consolidated Financial Statements (effective from 1 July 2013)

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and Interpretation 112 Consolidation – Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. The Group is still assessing its impact.

(iii) AASB 11 Joint Arrangements (effective from 1 July 2013).

AASB 11 replaces AASB 131 Interests in Joint Ventures and Interpretation 113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement.

Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.

(iv) AASB 12 Disclosure of Interests in Other Entities (effective from 1 July 2013)

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to

determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

(v) AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards (effective from 1 July 2013).

Consequential amendments to AASB 127 Separate Financial Statements and AASB 128 Investments in Associates as a result of the adoption of AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements and AASB 12 Disclosure of Interests in Other Entities.

(vi) AASB 13 Fair Value Measurement (effective from 1 January 2013).

AASB 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

2) PROFIT FROM OPERATIONS

	Consolidated	
	2012	2011
	\$	\$
Revenue		
Interest income	113,003	185,152
Total revenue	113,003	185,152
Other income	209,397	3,157
Profit on sale of fixed assets	38,386	16,472
Income on disposal of tenement rights	300,000	370,000
Total other income	547,783	389,629
	660,786	574,781

3) PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

Profit /(Loss) from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:

	Consolidated	
	2012	2011
	\$	\$
Impairment write down of property, plant & equipment	14,261	-
Depreciation and Amortisation:		
Plant and equipment	34,692	44,883
Total Depreciation and Amortisation	34,692	44,883
Share based payments expense	11,597	12,582

4) REMUNERATION OF AUDITORS

	Consolidated	
	2012	2011
	\$	\$
Audit Services		
<i>Auditors of the Company – Nexia Perth Audit Services Pty Ltd*</i>	20,289	18,014
Amounts received, or due and receivable, for taxation and other services by:		
<i>Other services not in capacity as auditors of the Company – Nexia Perth Audit Services Pty Ltd*</i>	5,354	7,996

* - previously known as MGI Perth Audit Services Pty Ltd

5) INCOME TAX

A reconciliation of income tax benefit applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 30 June 2012 and 2011 is as follows:

	Consolidated	
	2012 \$	2011 \$
The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting loss before tax	(3,122,813)	(3,551,716)
Income tax benefit at 30%	936,844	1,065,515
Non-deductible expenses:		
Share based payment expense	(3,479)	(3,775)
Other non deductible expenses	(389)	(166)
Unused tax losses and other temporary differences not recognised	(932,976)	(1,061,574)
Income tax benefit attributable to loss from ordinary activities before tax	-	-
Unrecognised deferred tax balances		
Tax losses attributable to members of the tax consolidated group - revenue	(70,751,389)	(67,381,144)
Potential tax benefit at 30%	21,225,417	20,214,343
Deferred tax liability not booked		
Accrued interest	(1,820)	(5,156)
Deferred tax asset asset not booked		
Amounts recognised in profit & loss		
Provisions	191,122	201,183
Accruals	49,891	89,474
Plant & Equipment	4,278	-
Available for sale financial assets	93,176	79,687
Amounts recognised in equity		
Share issue costs	105,645	125,140
Capital losses	713,777	713,777
Net unrecognised deferred tax asset at 30%	22,381,486	21,418,448

The tax losses can be carried forward subject to meeting the relevant requirements of tax legislation. Deferred tax assets have not been recognised in respect of these items because it's not probable at the reporting date that future taxable profit will be available against which the Group can utilise these benefits.

5) INCOME TAX (continued)

The Company and its 100% owned controlled entities have formed a tax consolidated group. Members of the consolidated entity have entered into a tax sharing arrangement in order to allocate income tax expenses to the wholly owned controlled entities on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote. The head entity of the tax consolidated group is Breakaway Resources Limited.

Tax Effect Accounting by Members of the Tax Consolidated Group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 Income Taxes.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the member entities' inter-company accounts with the tax consolidated group head company, Breakaway Resources Limited. In this regard the Company has assumed the benefit of tax losses from the member entities as of the balance date. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

6) CASH AND CASH EQUIVALENTS

	Consolidated	
	2012	2011
	\$	\$
Cash at bank and in hand	384,779	709,221
Short-term deposits	935,000	2,522,207
	1,319,779	3,231,428

The Company only deposits cash surpluses with major banks of high quality credit standing.

Cash at bank and in hand is kept to a minimum to limit the non-interest earning component of available cash.

Bank deposits at call earn interest at a floating rate based on the deposit balance.

Short-term deposits are made on a monthly basis with a drawdown amount dependent upon the cash requirements of the Company, and earn interest at the respective short-term deposit rates.

(a) Reconciliation of Cash

For the purposes of the statements of cash flows, cash includes cash on hand and at bank. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	2012	2011
	\$'000	\$'000
Cash and cash equivalents	1,319,779	3,231,428

6) CASH AND CASH EQUIVALENTS**(b) The reconciliation of loss after income tax to net cash flows from operating activities:**

	Consolidated	
	2012 \$	2011 \$
Loss from ordinary activities after income tax	(3,122,813)	(3,551,716)
Add non-cash items		
Depreciation	34,692	44,883
Share option expense	11,597	12,582
Impairment of fixed assets	14,261	-
Impairment of assets available for sale	44,964	14,257
Relinquishment of base metal rights	(209,397)	
Profit on sale of fixed assets	(38,386)	(16,472)
Net cash provided by operating activities before change in assets and liabilities	(3,265,082)	(3,496,466)
(Increase)/Decrease in Assets		
Receivables	45,840	107,102
Available for sale assets	-	-
Increase/(Decrease) in Liabilities		
Creditors	247,417	481,239
Other creditors	(6,551)	38,066
Provisions	(33,538)	3,610
Net cash provided by operating activities	(3,011,914)	(2,866,449)

7) TRADE AND OTHER RECEIVABLES

	Consolidated	
	2012 \$	2011 \$
Current		
Other receivables	4,600	3,966
Interest Receivable	6,068	17,187
GST recoverable	18,163	51,962
	28,831	73,115
Non-Current		
Other - mining and rental bonds	228,278	277,609
	228,278	277,609

Other receivables are non-interest bearing, are generally on 30 day terms and are not overdue.

The Group has provided performance and other guarantees to the value of \$145,200 (2011:\$249,407) over these mining and tenement bonds. Refer to note 20 for more details.

8) PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2012	2011
	\$	\$
Plant and equipment – at cost	518,669	592,634
Less: Accumulated depreciation	(447,744)	(487,539)
Total property, plant and equipment at net book value	<u>70,925</u>	<u>105,095</u>

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Consolidated	
	2012	2011
	\$	\$
Plant and Equipment		
Carrying amount at beginning of year	105,095	151,157
Additions	14,783	1,850
Impairment writedown	(14,261)	-
Disposals	-	(3,029)
Depreciation	(34,692)	(44,883)
Carrying amount at end of year	<u>70,925</u>	<u>105,095</u>

9) AVAILABLE FOR SALE FINANCIAL ASSETS

	Consolidated	
	2012	2011
	\$	\$
Non-Current		
Shares listed on a prescribed stock exchange - cost	346,491	346,491
Less: Provision for diminution in value	(310,587)	(265,623)
Carrying amount at year end	<u>35,904</u>	<u>80,868</u>

10) TRADE AND OTHER PAYABLES

	Consolidated	
	2012	2011
	\$	\$
Current		
Trade creditors	455,483	330,912
Accruals	20,029	298,245
Group Tax	23,180	29,731
Superannuation Payable	-	8,335
	<u>498,692</u>	<u>667,223</u>
Non-Current		
Trade creditors ¹	200,000	-
	<u>200,000</u>	<u>-</u>

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30 day terms; and
- Other payables are non-interest bearing.

Note 1 – agreed settlement terms with creditor over 21 months

11) PROVISIONS

	Consolidated	
	2012	2011
	\$	\$
Current		
Employee benefits	15,476	46,781
	15,476	46,781
Non-Current		
Employee benefits	1,597	3,830
Rehabilitation	620,000	620,000
	621,597	623,830

The movements in provisions are analysed as follows:-

	Consolidated		
	Employee benefits	Rehabilitation	Total
	\$	\$	\$
Consolidated			
At 1 July 2011	50,611	620,000	670,611
Arising during the year			
Utilised	(77,545)	-	(77,545)
Unused amounts reversed	44,007	-	44,007
At 30 June 2012	17,073	620,000	637,073
Current 2012	15,476	-	15,476
Non-current 2012	1,597	620,000	621,597

12) CONTRIBUTED EQUITY

	Consolidated	
	2012	2011
	\$	\$
388,163,837 (2011: 291,100,507) ordinary shares, fully paid	96,188,265	86,159,378

	Consolidated	
	2012	2011
	Number	Number
(i) Ordinary shares - number		
At start of period	291,100,507	239,273,318
Conversion of convertible note	74,380,165	-
Issue of shares under a Share Purchase Plan Placement in November 2011 at 4.9 cents (December 2010 - 7.4 cents)	-	45,070,432
	22,683,165	6,756,757
Balance at end of period	388,163,837	291,100,507

	Consolidated	
	2012	2011
	\$	\$
(ii) Ordinary shares – value		
At start of period	86,159,378	82,544,027
Conversion of convertible note	9,000,000	-
Issue of shares under a Share Purchase Plan Placement in November 2011 at 4.9 cents (December 2010 - 7.4 cents)	-	3,335,205
Less share issue costs	1,111,475	500,000
	(82,588)	(219,854)
Balance at end of period	96,188,265	86,159,378

13) CONVERTING NOTES

	Consolidated	
	2012	2011
	\$	\$
Equity portion of converting note	-	9,000,000

The terms of the \$9,000,000 Converting Notes issued were as follows:

- 18 Converting Notes with a face value of \$500,000 each and interest free;
- Converting at 40 cents per share within 5 years after issue;
- Redeemable by Breakaway at any time; and
- Notes automatically converted on the maturity date on 18 August 2011 by Breakaway electing for the conversion into shares at 12.5 cents per share (diluted to 12.1 cents per share in accordance with convertible note agreement dated 13 May 2006). These notes were converted into 74,380,165 fully paid ordinary shares on the maturity date.

14) RESERVES

	Consolidated	
	2012	2011
	\$	\$
Employee Share Based Payments Reserve	711,377	699,780
Investments Revaluation Reserve	-	-
At end of period	711,377	699,780
Employee Share Based Payments Reserve		
At start of period	699,780	687,198
Employee share based payments	11,597	12,582
At end of period	711,377	699,780
Investments Revaluation Reserve		
At start of period	-	-
Net (loss) / gains on available-for-sale financial assets	-	-
At end of period	-	-

15) ACCUMULATED LOSSES

	Consolidated	
	2012	2011
	\$	\$
Accumulated losses at the beginning of the financial year	(93,428,877)	(89,877,161)
Net loss attributable to members of the parent entity	(3,122,813)	(3,551,716)
Accumulated losses at the end of the financial year	(96,551,690)	(93,428,877)

16) RELATED PARTY DISCLOSURES**Directors**

The names of each person holding the position of Director of Breakaway Resources Limited during the financial year were:

John K Atkins – appointed 24 November 2006
Jonathan A Young – appointed since 2003
Jeffery J Gresham – appointed 1 October 2006
David J Hutton – resigned 12 June 2012

Rickman Victor Rajasooriar was appointed on 2 July 2012.

Directors Remuneration

Information on Directors Remuneration is disclosed in the Directors' Report.

Directors' Holdings of Shares and Share Options

The interests of Directors of the Company and their Director-related entities in shares and share options of the Company are set out as follows:

	2012	2011
Ordinary shares	31,213,898	26,691,369
Options	1,750,000	1,750,000

Mr Jonathan Young is also the Chairman of FMR Investments Pty Ltd (FMR) which held 28,205,788 shares in the Company at 30 June 2012.

Transactions with Controlled Entities

The Company performs certain office services and pays for certain items on behalf of controlled entities. These transactions are on-charged to the subsidiaries in the normal course of business. Interest is not charged on the inter-company loan accounts.

17) KEY MANAGEMENT PERSONNEL

Details of Specified Directors and Key Management Personnel

(i) Specified Directors

Mr John K Atkins	Chairman (Non-Executive)
Mr Rickman Victor Rajasooriar	Managing Director (Appointed 2 July 2012)
Mr Jonathan A Young	Director (Non-Executive)
Mr Jeffrey J Gresham	Director (Non-Executive)
Mr David Hutton	Managing Director (Resigned 12 June 2012)

(ii) Key Management Personnel

Mr Simon Storm	Company Secretary
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Remuneration relating to Directors and Key Management Personnel are included in the Directors' Report.

17) KEY MANAGEMENT PERSONNEL (continued)**EQUITY HOLDINGS AND TRANSACTIONS**

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each specified Director and Officer is as follows:

Specified Directors	Held at 1-Jul-11	Purchases or held at date of employment	Received on Exercise of Options	Sales/Other Movements	Held at 30-Jun-12
John Atkins	469,370	-	-	-	469,370
David Hutton ¹	587,217	-	-	(587,217)	-
Jon Young	1,842,703	-	-	-	1,842,703
Jeffery Gresham	506,037	-	-	-	506,037
Specified Officers					
Simon Storm	-	-	-	-	-

1. – Mr Hutton resigned 12 June 2012.

Specified Directors	Held at 1-Jul-10	Purchases or held at date of employment	Received on Exercise of Options	Sales/Other Movements	Held at 30-Jun-11
John Atkins	266,667	202,703	-	-	469,370
David Hutton	384,514	202,703	-	-	587,217
Jon Young	1,640,000	202,703	-	-	1,842,703
Jeffery Gresham	303,334	202,703	-	-	506,037
Specified Officers					
Mark Fletcher ¹	-	-	-	-	-
Simon Storm	-	-	-	-	-

1. – Mr Fletcher resigned 4 March 2011.

Aggregate compensation made to key management personnel is set out below:

	Consolidated	
	2012 \$	2011 \$
Short-term employee benefits	455,912	590,883
Post-employment benefits	33,299	46,727
Other long-term benefits	-	-
Share-based payment	8,502	9,436
Total compensation	497,713	647,046

18) EMPLOYEE BENEFITS**Share Based Payments**

The Company has an Employee Option Scheme. Each option is convertible to one ordinary share. The exercise prices of the options are determined in accordance with the rules of the plan and will be the greater of 120% of the market value of shares on the day the option is issued, 20 cents or a price determined by the Directors in their discretion. All employee options expire on the earlier of their expiry date or 30 days after termination of the employee's employment. There are no voting rights attached to the options or to the unissued ordinary shares, voting rights will be attached to the issued ordinary shares when options have been exercised. Details of options over unissued ordinary shares as at the beginning and end of the reporting periods and movements during the year are set out below.

Grant date	Expiry date	Exercise price	Fair value at grant date	Number of options at beginning of year	Options granted	Options lapsed	Options exercised	Number of options on issue at end of year	
								Vested	Unvested
30-Jul-08	30-Jul-11	\$0.58	\$0.080	650,000	-	(650,000)	-	-	-
30-Nov-10	30-Nov-13	\$0.15	\$0.020	-	500,000	(500,000)	-	-	-
30-Nov-10	30-Nov-13	\$0.20	\$0.016	-	500,000	(500,000)	-	-	-
30-Nov-10	30-Nov-13	\$0.25	\$0.013	-	500,000	(500,000)	-	-	-
11-May-12	11-May-15	\$0.053	\$0.009	-	2,750,000	-	-	-	2,750,000
11-May-12	11-May-15	\$0.10	\$0.006	-	2,750,000	-	-	-	2,750,000

Details on the option issues to key management personnel are included in the Remuneration Report section of the Directors' Report.

The number and weighted average exercise price of the options issued to KMP and employees are as follows:

	2012		2011	
	No.	Weighted average exercise price	No.	Weighted average exercise price
		Cents		Cents
Outstanding at the beginning of the period	2,150,000	31.5	2,850,000	56
Granted during the period	5,500,000	7.7	1,500,000	20
Forfeited during the period	(1,500,000)		(1,000,000)	
Exercised during the period	-		-	
Expired during the period	(650,000)		(1,200,000)	
Outstanding at the end of the period	<u>5,500,000</u>	7.7	<u>2,150,000</u>	31
Exercisable at the end of the period	<u>-</u>		<u>650,000</u>	

The outstanding balance as at 30 June 2012 is represented by:

- 5,500,000 options vesting as follows:
 - 2,750,000 in 12 months from grant date on 11 May 2012 with an exercise price of 5.3 cents, vesting 11 May 2013 and expiring 11 May 2015.
 - 2,750,000 in 24 months from grant date on 11 May 2012 with an exercise price of 10 cents, vesting 11 May 2014 and expiring 11 May 2015.

18) EMPLOYEE BENEFITS (continued)

The fair value of the equity-settled share options granted under the option plan was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2012:

	2012	2011
Expected volatility (%)	80%	74%
Risk-free interest rate (%)	4.75%	6.25%
Expected life of option (years)	3 years	3 years
Exercise price (cents)	5.3 and 10 cents	15, 20 and 25 cents
Grant date share price	3.0 cents	7.9 cents

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

19) SEGMENT INFORMATION

The Group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The operating segment identified by the Company is in the natural resources exploration and mining industry in Australia.

20) FINANCING ARRANGEMENTS**Bonds and Performance Guarantees**

Unconditional Performance Bonds have been lodged with the Department of Mines and Petroleum for the progressive rehabilitation and reclamation of the mineral tenements . These bonds are secured by a fixed charge over a cash deposit account.

Guarantee to secure the payment of rent under the Company's lease of premises of its offices. This guarantee is secured by a term deposit .

Unconditional Performance Bonds have been lodged with the Department of Mines and Petroleum for the progressive rehabilitation and reclamation of the mineral tenements .

Consolidated		Parent	
2012	2011	2012	2011
\$	\$	\$	\$
105,200	120,200	75,200	120,200
25,000	129,207	25,000	116,209
15,000	-	15,000	-
145,200	249,407	115,200	236,409

Other

Cash security of \$20,000 (2011:\$20,000) has been provided in respect of corporate credit cards.

21) LOSS PER SHARE

	Consolidated	
	2012 \$	2011 \$
<i>Basic loss per share (cents per share)</i>	(0.84)	(1.33)

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Loss for the year	(3,122,813)	(3,551,716)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	369,868,381	266,610,736

Diluted loss per share

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share

	(0.84)	(1.33)
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22) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, available for sale investments, cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, market risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and assessments of market forecasts for interest rate, and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, hedging cover of foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

RISK EXPOSURES AND RESPONSES**Credit Risk Exposure**

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk the Group is exposed to is not greater than the carrying value of its financial assets.

Recognised Financial Instruments

The credit risk on financial assets (excluding investments) of the consolidated entity, which have been recognised on the balance sheet, is the carrying amount, less any provision for doubtful debts.

Interest Rate Risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is:

CONSOLIDATED	Weighted Average Interest rate	Floating interest rate	Fixed interest rate	Non-interest Bearing	Total
		\$	\$	\$	\$
2012					
Financial Assets					
Cash assets	5.17%	1,319,779	-	-	1,319,779
Receivables	5.72%	228,278	-	10,668	238,946
Available for sale financial assets	-	-	-	35,904	35,904
		1,548,057	-	46,572	1,594,629
Financial Liabilities					
Payables		-	-	675,512	675,512
		-	-	675,512	675,512

CONSOLIDATED	Weighted Average Interest rate	Floating interest rate	Fixed interest rate	Non-interest Bearing	Total
		\$	\$	\$	\$
2011					
Financial Assets					
Cash assets	5.42%	3,231,428	-	-	3,231,428
Receivables	5.60%	277,609	-	21,153	298,762
Available for sale financial assets	-	-	-	80,868	80,868
		3,509,037	-	102,021	3,611,058
Financial Liabilities					
Payables	-	-	-	667,223	667,223
		-	-	667,223	667,223

The Group has no variable interest rate risk relating to long-term debt obligations. Earnable interest on cash is exposed to market interest rate fluctuations.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

	Consolidated	
	2012	2011
	\$	\$
Financial Assets		
Cash and cash equivalents	1,319,779	3,231,428
Trade and other receivables	228,278	277,609
Net exposure	1,548,057	3,509,037

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

At 30 June 2012, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Loss Higher/(Lower)		Equity Higher/(Lower)	
	2012 \$	2011 \$	2012 \$	2011 \$
Consolidated Group				
+1% (100 basis points)	19,644	31,670	19,644	31,670
-1% (100 basis points)	(19,644)	(31,670)	(19,644)	(31,670)

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances.

Foreign Currency Risk

At Balance date the group currently has no off-shore cash or investments and is not exposed to foreign currency risk.

Net Fair Values of Financial Assets and Liabilities

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

Recognised Financial Instruments

Listed shares included in other financial assets are traded in an organised financial market and the net fair value is determined by valuing them at the quoted market bid price for the shares at balance date (these are all Level 1).

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the amounts due from customers (reduced for expected credit losses) or due to suppliers. The carrying amounts of accounts receivable, payables, bank loans and lease liabilities approximate net fair value.

Liquidity Risk

The consolidated entity's objective is to maintain a balance between continuity of funding and flexibility through the use of cash at bank, finance leases and hire purchase contracts.

The table below reflects all contractually fixed pay-offs for settlement, repayments and interest resulting from recognised financial liabilities as of 30 June 2012. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2012.

The remaining contractual maturities of the Group's financial liabilities are:

	Consolidated	
	2012 \$	2011 \$
6 months or less	398,692	667,223
6-12 months	60,000	-
1-5 years	200,000	-
over 5 years	-	-
	658,692	667,223

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)*Maturity Analysis of Financial Assets and Liability based on Management Expectation*

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital e.g. inventories and trade receivables. These assets are considered in the Group's overall liquidity risk to monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks.

Year ended 30 June 2012	<6 months	6-12 months	1-5 years	>5 years	Total
	\$	\$	\$	\$	\$
Consolidated					
Financial assets					
Cash & cash equivalents	1,319,779	-	-	-	1,319,779
Trade & other receivables	10,668	-	-	-	10,668
Security bonds	-	-	-	228,278	228,278
Available for sale financial assets	35,904	-	-	-	35,904
	1,366,351	-	-	228,278	1,594,629
Financial liabilities					
Trade & other payables	438,692	60,000	200,000	-	698,692
	438,692	60,000	200,000	-	698,692
Net maturity	927,659	(60,000)	(200,000)	228,278	895,937
Year ended 30 June 2011					
	\$	\$	\$	\$	\$
Consolidated					
Financial assets					
Cash & cash equivalents	3,231,428	-	-	-	3,231,428
Trade & other receivables	21,153	-	-	-	21,153
Security bonds	-	-	129,805	147,804	277,609
Available for sale financial assets	80,868	-	-	-	80,868
	3,333,449	-	129,805	147,804	3,611,058
Financial liabilities					
Trade & other payables	667,223	-	-	-	667,223
	667,223	-	-	-	667,223
Net maturity	2,666,226	-	129,805	147,804	2,943,835

Capital Risk Management

The Consolidated entity manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance, where applicable.

The capital structure of the Consolidated entity consists of cash and cash equivalents, and the equity attributed to equity holders of the parent, comprising issued capital and reserves disclosed in notes 12 and 14 respectively and accumulated losses.

Due to the nature of the Consolidated entity's activities (exploration) the directors believe that the most advantageous way to fund activities is through equity. The Consolidated entity's exploration is monitored by use of budgeting to ensure that adequate funds are available.

23) COMMITMENTS

Consolidated	
2012	2011
\$	\$

(i) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments

- not later than 12 months	95,916	137,647
- between 12 months and 5 years	138,624	135,286
- greater than 5 years	-	-
	234,540	272,933

The consolidated entity has minimum expenditure obligations in pursuance of the terms and conditions of mining tenements in the forthcoming year of approximately \$2,227,980 (2011: \$2,244,680). These obligations are not provided for in the financial report. These obligations may be varied from time to time subject to statutory approval.

24) PARENT ENTITY FINANCIAL INFORMATION

The Company	
2012	2011
\$	\$

Current assets	1,347,339	3,304,404
Total assets	1,641,246	3,709,281
Current liabilities	514,168	714,006
Non Current liabilities	200,000	-
Total liabilities	970,767	972,836

Shareholders equity

Share capital	96,188,265	86,159,378
Converting Note	-	9,000,000
Reserves	711,377	699,780
Accumulated losses	(96,229,163)	(93,122,713)
	670,479	2,736,445

Net loss	(3,106,450)	(15,474,042)
Total comprehensive (loss)/income	(3,106,450)	(15,474,042)

Performance Guarantees (refer to Note 20)	115,200	236,409
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25) EVENTS SUBSEQUENT TO REPORTING DATE

On 2 July 2012, Mr Victor Rajasooriar commenced as Managing Director of the Company.

On 4 September 2012 the Company announced it had signed a Farm-in Joint Venture agreement with Sandfire Resources NL for the Broader Altia Project in NW Queensland, targeting all minerals. Sandfire is required to spend \$4 million over 3 years to earn an initial 60% interest, with the option to increase to 80% through further expenditure of \$4 million over a further 3 years. Sandfire has acquired a strategic stake in Breakaway by investing \$600,000 in exchange for the issue of 26,086,956 ordinary shares at 2.3 cents per share.

On 7 September 2012 the Company announced it had reached agreement to sell its non-core Spargos Reward Project in the Kambalda region of Western Australia to South Australian-based minerals explorer Mithril Resources Ltd for \$200,000 in cash, conditional on completion of due diligence.

On 25 September 2012 the Company announced it intended to offer eligible shareholders the opportunity to participate in a Share Purchase Plan to raise \$1.5 million, with the ability to accept oversubscriptions to a maximum of \$2.0 million at the Directors' discretion, to underpin ongoing copper-gold exploration at its flagship Eloise Exploration Project in North Queensland. The Plan entitles eligible shareholders to purchase up to \$15,000 worth of fully-paid ordinary shares in the Company at a subscription price of 2.9 cents per share.

Other than the aforementioned, there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

26) REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Registered office and principal place of business: Unit 14, 531 Hay Street, Subiaco, Western Australia, 6008.

Directors' Declaration

In the opinion of the directors of Breakaway Resources Limited ("the Company"):

a) the financial statements and notes and the remuneration disclosures that are contained on pages 26 to 28 of the remuneration report in the Directors' report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2012 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(c)(i);

c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations pursuant to Section 295A of the Corporation Act 2001 for the financial year ended 30 June 2012.

Signed in accordance with a resolution of the Directors



John Atkins
Director

Perth
25 September 2012

Independent auditor's report to the members of Breakaway Resources Limited

Report on the financial report

We have audited the accompanying financial report of Breakaway Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1(c)(i), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with *International Financial Reporting Standards* as issued by the International Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Nexia Perth Audit Services Pty Ltd

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audit@nexiaperth.com.au, www.nexia.com.au

Opinion

In our opinion:

- (a) the financial report of Breakaway Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c)(i).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(b) to the Financial Report, which indicated that the consolidated entity incurred a net loss after tax of \$3,011,915 and, based on a cash flow forecast, will need to raise additional capital in the next 12 months. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Our opinion is not modified in respect of the above matter.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Breakaway Resources Limited for the year ended 30 June 2012 complies with Section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read "NRA S".

Nexia Perth Audit Services Pty Ltd

A handwritten signature in black ink, appearing to read "TJ Spooner".

**TJ SPOONER CA FCA(UK) ACIS ACSA
Director**

25 September 2012
Perth

Lead auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Breakaway Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Nexia Perth Audit Services Pty Ltd



TJ SPOONER CA FCA(UK) ACIS ACSA
Director

25 September 2012
Perth

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 19 September 2012.

CAPITAL STRUCTURE

Listed on the Australian Stock Exchange are 414,250,793 fully paid shares. The Company has 5,500,000 unquoted options on issue.

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

SHAREHOLDERS	Number of shares held	% Holding
1 NORILSK NICKEL AUSTRALIA PTY LTD	107,779,198	26.0%
2 FMR INVESTMENTS PTY LIMITED	28,205,788	6.8%
3 SANDFIRE RESOURCES NL	26,086,956	6.3%
4 MR ROBERT GEMELLI	11,105,724	2.7%
5 MR GARRY PATRICK CONNELL + MS DEVRYN LEE CONNELL <CONNELL CONTRACTOR SUPER A/C>	6,398,413	1.5%
6 HANOBINE HOLDINGS PTY LTD	4,015,318	1.0%
7 LEET INVESTMENTS PTY LTD <SUPERANNUATION FUND A/C>	3,549,330	0.9%
8 MR JOHN SIDNEY SNELL + MRS CAROLE VERONICA SNELL <JTS SUPER FUND A/C>	3,499,999	0.8%
9 HANOBINE HOLDINGS PTY LTD <COLLICA SUPER FUND A/C>	3,100,000	0.7%
10 NEFCO NOMINEES PTY LTD	2,860,340	0.7%
11 CHEMCO SUPERANNUATION FUND PTY LTD <CHEMCO SUPER	2,202,703	0.5%
12 WYTHENSHAW PTY LTD	2,097,778	0.5%
13 MRS VANESSA HICKEY	2,078,091	0.5%
14 ALLAN FREDERICK HARRISON	2,018,000	0.5%
15 REDTOWER CORPORATION PTY LTD <SACKS SUPER FUND A/C>	2,003,688	0.5%
16 TIRANO HOLDINGS PTY LTD	2,000,000	0.5%
17 HOLBROOK CORPORATION PTY LTD	1,924,312	0.5%
18 RAGGED HOLDINGS PTY LTD <RAGGED SUPER A/C>	1,842,703	0.4%
19 MRS LILIANA TEOFILOVA	1,422,000	0.3%
20 WALTER MEADOWS PTY LTD <NO 2 A/C>	1,397,058	0.3%
	<u>215,587,399</u>	<u>52.0%</u>

DISTRIBUTION OF SHAREHOLDINGS

The distribution of shareholdings as at 19 September 2012 was:

Category (size of holding)	Number of Holders
1 - 1,000	200
1,001 - 5,000	496
5,001 - 10,000	373
10,001 - 100,000	1,070
100,001 - and over	466
	<u>2,605</u>

The number of shareholdings held in less than marketable parcels is 1,262.

SUBSTANTIAL SHAREHOLDERS

Shareholder Name	No of Shares
NORILSK NICKEL AUSTRALIA PTY LTD	107,779,198
FMR INVESTMENTS PTY LIMITED	28,205,788
SANDFIRE RESOURCES NL	26,086,956

VOTING RIGHTS

Under the Company's constitution, every member present in person or by representative, proxy or attorney shall have one vote on a show of hands and on a poll have one vote for every ordinary share held.

COMPANY SECRETARY

Mr Simon Storm.

REGISTERED OFFICE

The registered office is at: Unit 14, 531 Hay Street, Subiaco, WA 6008

Telephone: +61 8 9278 6444
Facsimile: +61 8 9278 6449