Company Update: New Exploration Activities Commencing on Two Fronts

New ground EM at Sandy Creek (North Queensland), new gold exploration initiative at Leinster (WA)

- **Leading geophysical consultants Newexco Services Pty Ltd engaged to undertake a new program of ground-based EM at the Eloise Copper-Gold Project (Qld) commencing in March 2013.**
- **Targeted drilling program to commence following a review of the results of the EM program.**
- **Technical Review of Leinster database (WA) identifies significant gold potential.**
- **Reconnaissance rock and soil sampling commenced today, targeting major dilational structural domains for mesothermal gold mineralisation at Leinster.**

Breakaway Resources Limited (ASX: BRW – "Breakaway") is pleased to provide an update on current and upcoming exploration activities at its **Eloise Exploration Project** (copper-gold), located 70km south-east of Cloncurry in north-west Queensland and its **Leinster Project** (gold), located 35km south of Leinster in Western Australia.

The new phase of exploration activity will include a soil sampling program for a new gold exploration opportunity which the Company has identified at the Leinster Project following an internal Technical Review.

Eloise Exploration Project

Following the diamond drilling program completed at Sandy Creek in November 2012, the Company carried out additional mapping over the broader area, identifying numerous quartz and copper outcrops which warrant further detailed mapping to better understand the Sandy Creek resource potential.

The additional holes drilled in November 2012, have also been used to validate the previous Inferred Resource for Sandy Creek. This work was carried out by Optiro Mining Consultants. The re-modelling of the resource has identified two additional domains in the southern part of the deposit, namely a second hangingwall zone, west of the main zone, and isolated footwall structures to the east, as shown in Figure 2 below.

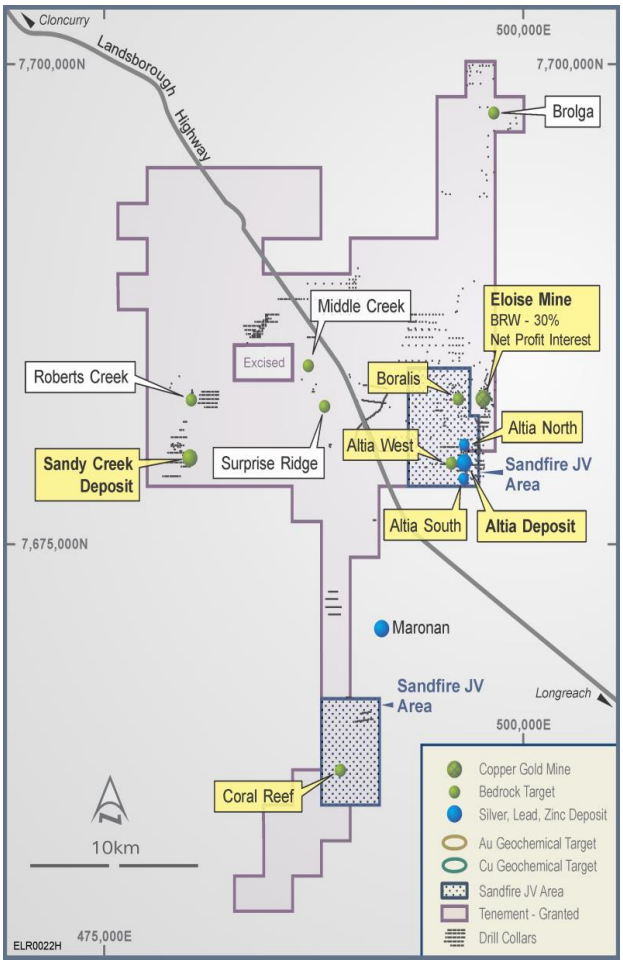

Figure 1: Eloise Exploration Project

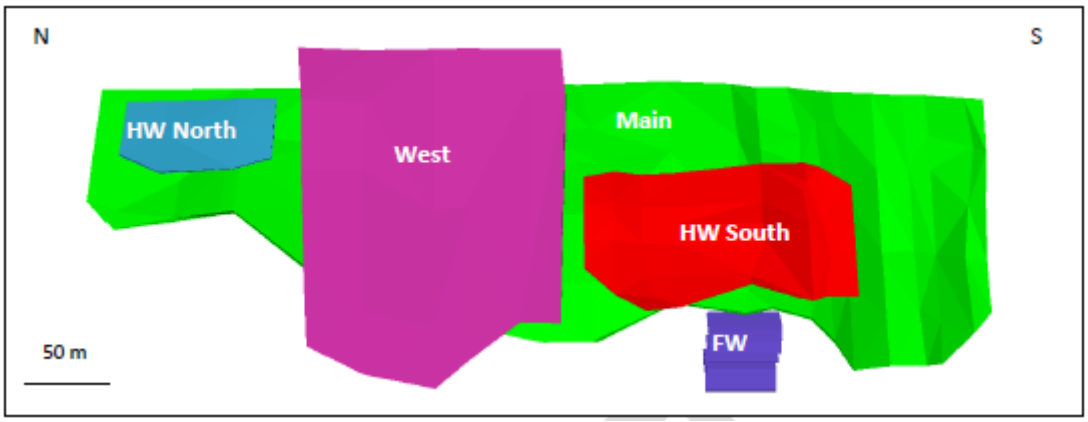

Figure 2: January 2013 Sandy Creek Resource Interpretation

The latest revised Inferred Resource (see Table 1 below) validates the previous Inferred Resource, with marginal variations in tonnes and grade which are within acceptable levels for an early stage project. The additional drilling data has increased confidence in the integrity and continuity of the resource, highlighting that further drilling is required to better understand the complexity of the structures. Criteria for the resource estimate are summarised in Table 2 below.

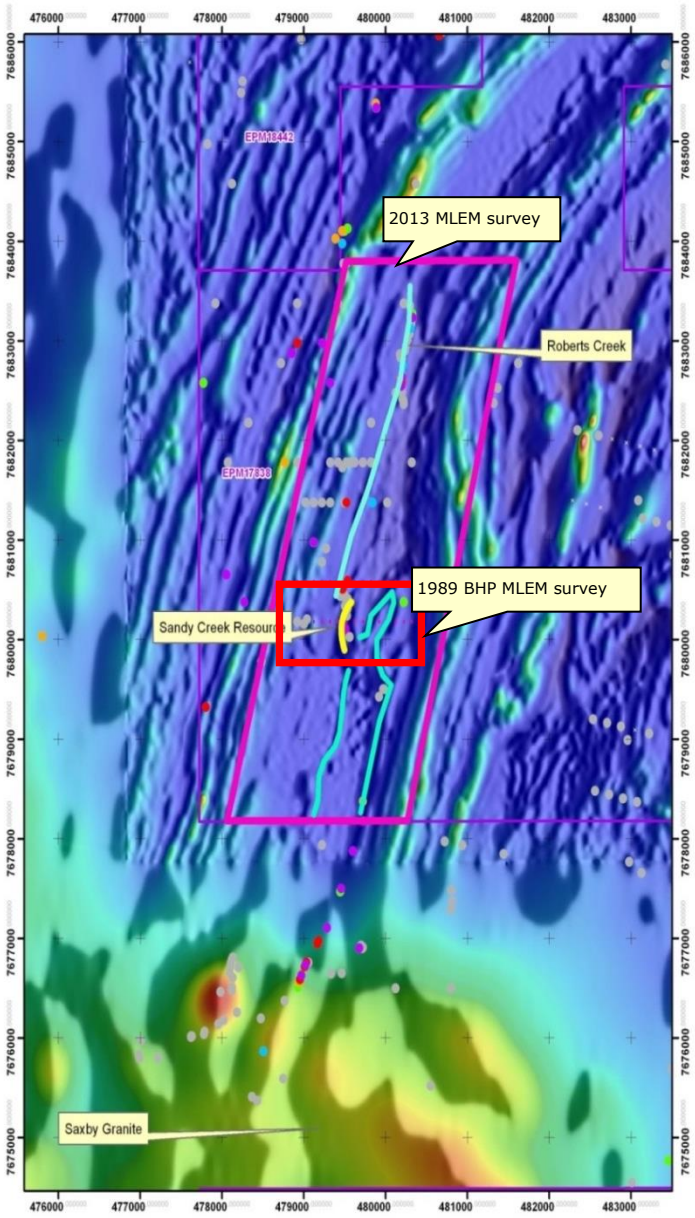

Figure 3: Proposed MLEM area (pink)

In order to gain a better understanding of the complex geology in the Sandy Creek region, the Company has engaged leading geophysical consultants, Newexco Services Pty Ltd, to carry out detailed ground electromagnetic surveys (moving loop) commencing at the end of March 2013.

The surveys are expected to take approximately four weeks to complete. The 2013 ground EM will consist of moving loops with a fixed loop survey to be undertaken as required. It is anticipated that this method will detect the presence of Eloise-style mineralisation and analogues to around 300m depth, depending on the cover.

Sandy Creek and Roberts Creek

At Sandy Creek, copper-gold mineralisation occurs within two narrow, north-south parallel zones, 100 metres apart, termed the Main and Western Zones. A mapping program carried out in November 2012 has identified additional outcrops to the north of Sandy Creek which warrant an active ground-based exploration program in order to better understand the potential targets within the area. Sandy Creek was initially surveyed using MLEM and FLEM by BHP in 1989 (see Figure 3) to test an area of intense IP anomalism over a strike length of 1.6km. This survey returned the Sandy Creek West and East anomalies which were subsequently drilled and shown to be sulphidic. Roberts Creek has numerous surface outcrops but yet to be surveyed using Geophysical means.

The 2013 MLEM program is planned to cover a broader area between Sandy Creek and Roberts Creek (Figure 3) including the areas previously surveyed by BHP. Over the years, geophysical survey techniques have seen a vast advancement in sophistication and effectiveness and Breakaway is confident that, with the assistance of Newexco, the very latest technology will be utilised to identify any accumulations of sulphides in positions of interest.

Middle Creek and Surprise Ridge

Middle Creek and Surprise Ridge cover an area of around 7km^2 extending over a strike length of 4.2km and around 1.5km wide (Figure 4). These prospects have unexplained anomalously high zinc geochemistry, which have not undergone any new geophysical methods. Previous known FLEM completed in 2007 (Figure 4) covered only the central area of Surprise Ridge consisting of an area of approximately 1.5km^2.

For completeness, this area will be repeated on the first-pass MLEM. Selective areas within Surprise Ridge and Middle Creek have undergone IP and Dipole Surveys (Figure 4), however these were carried out in 1997 with the technology much more advanced in recent years. Following completion of the geophysical program, a detailed drilling program will be carried out targeting the Main Zone and Western Zone at Sandy Creek and potentially other targets identified at Roberts Creek, Surprise Ridge and Middle Creek.

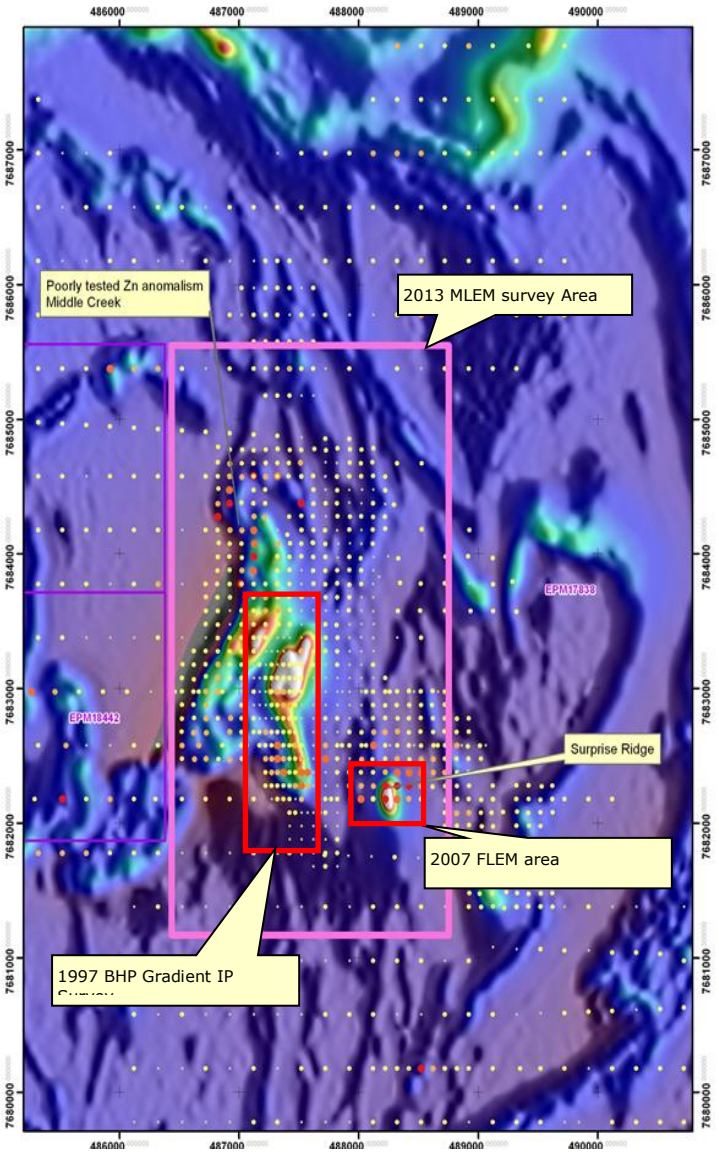

Figure 4: Proposed 2013 MLEM area (pink)

Leinster Gold Project

Previous exploration of the Company's Leinster tenements in WA for gold has been limited with the principal historical focus of exploration having been the search for nickel. This nickel exploration over the last 50 years has generated a substantial geological, geochemical, geophysical and drilling database which has provided valuable information to evaluate the gold potential of the region.

The Leinster Gold Project straddles three major shear zones known as Sir Samuel, Perseverance and Mt McClure Faults, and is highly suitable for the formation of major dilation structures containing gold mineralisation. The Company has spent the past few months reviewing this database **(Phase 1)** and has identified opportunities for million ounce-style deposits associated with the major dilational structures, shear zones and high level granitoids located with the greenstone sequence (Figure 5 & 6).

Previous exploration was focused only on nickel and was therefore targeted on magnetic highs, not magnetic lows related to demagnetisation associated with high temperature fluids. While accessing the database for gold mineralisation, Breakaway has identified end-of-hole, low-level gold (LLG) anomalism which indicates that not all holes intersected fresh rock and therefore that the supergene-transition zone most suitable for gold mineralisation has not been tested. This is the area where the Company believes that the best potential exists, with the initial review identifying four prospective targets, namely **Pond Well and Shanes Find (Figure 5), Salute and Newman** (Figure 6).

Since the first phase of the review was to examine the database for gold anomalies on the nickel-focused holes, the Company also commenced a review **(Phase 2)** targeting the overall package of tenements with a perspective on "gold focus". The existing high quality aeromagnetics (Figure 5 & 6) was interpreted, with a specific focus on dilational structural settings.

Inspection and structural interpretation of the aeromagnetic and regional gravity data has mapped two generations of shear zones and highlighted shear zones developed above significant crustal structures in parts of the tenements, warranting further geochemical and mapping information which could potentially eclipse the gold targets identified to date. This work has also been undertaken by a leading international expert, Lyal Harris, Professor, INRS-ETE, Quebec, Canada, a structural expert of the Yilgarn region and similar Canadian granite-greenstone terrains.

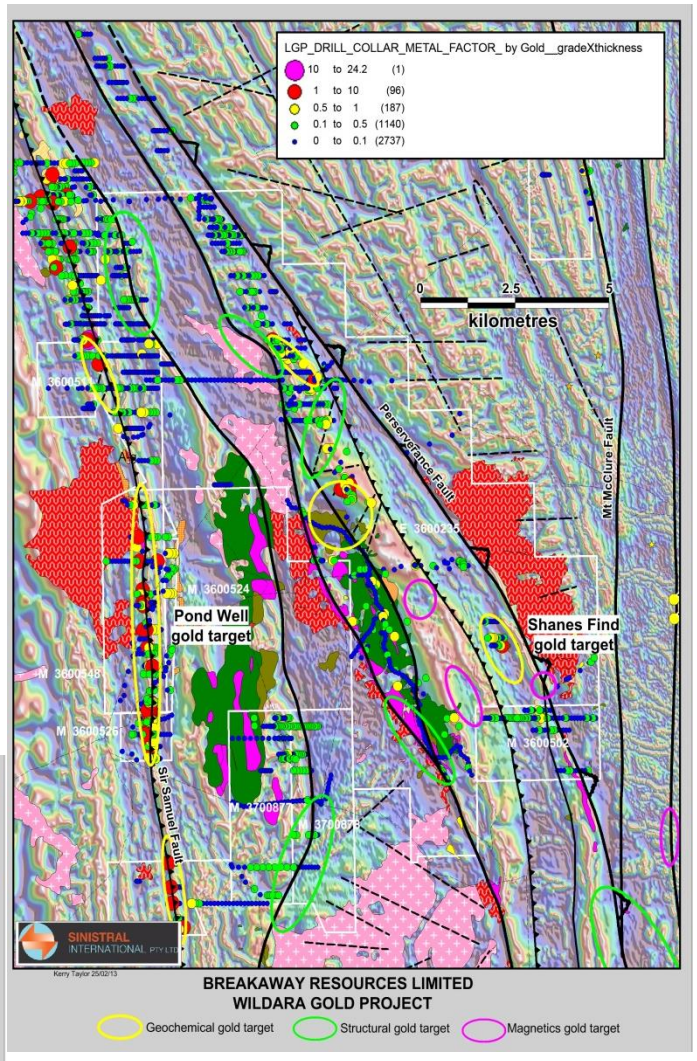

Figure 5: Wildara gold targets

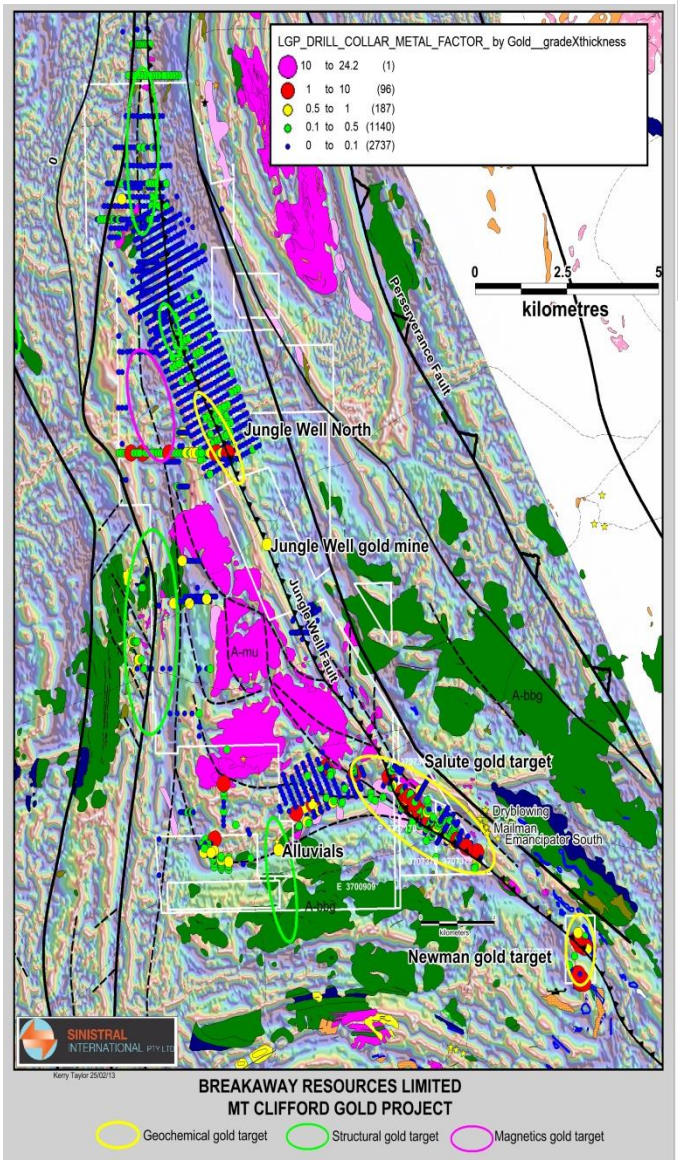

Figure 6: Mt.Clifford gold targets

In order to progress these findings further, the Company has commenced a soil sampling program this week with an expected duration of six weeks.

These targets will be ranked with the previously identified four targets to prioritise the prospects for an aircore / RC drilling program in the future.

While examining the dilational structural domains on Breakaway's tenements, the Company has noted that there are similarities to existing major gold deposits such as Thunderbox, Agnew, Tarmoola, Harbour Lights, South Junction, as well as a host of smaller deposits – all of which are related to dilational structural domains.

These similarities, combined with the interpretation of the database to date, has put Breakaway in a strong position to potentially discover a major gold deposit in an underexplored terrain in close proximity to existing gold mines and infrastructure.

Breakaway is looking forward to the results of this new gold exploration initiative, which has the potential to add significant value to the Company in parallel with ongoing exploration activity at its flagship copper-gold projects in North Queensland.

Breakaway's Managing Director, Mr Victor Rajasooriar, said the Company was very pleased with the results of its innovative exploration work on the Leinster tenements, which had created the opportunity for a potentially game-changing gold discovery in an established mining district which is relatively under-explored from a gold perspective.

"We are moving to the next stage of evaluation of our Eloise Project in North Queensland, with a new program of ground EM commencing shortly which we believe could prove to be absolutely critical in determining the next steps with this asset," he said.

"At the same time, we have an exciting new gold exploration initiative moving forward in WA which could really prove to be a wildcard for the Company," he added. "Most importantly, it has been progressed through low-cost, low-risk, innovative exploration techniques."

ENDS

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Competent Persons Statement:

The information in this report that relates to the Sandy Creek Exploration Results is based on information compiled by Mr Michael Robinson (Project Geologist), who at the time was a full time employee of the Company. Mr Robinson is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). He has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Robinson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the estimation of the Sandy Creek Mineral Resource was compiled by Mr Michael Andrew. Mr Andrew is a full time employee of Optiro mining consultants. Mr Andrew is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Andrew consents to the inclusion of this information in the form and context in which it appears in this announcement

About Breakaway Resources Limited:

Breakaway Resources aims to generate shareholder wealth through the discovery and development of a high-quality standalone mineral deposit. The Company's exploration activities are focussed on our priority Eloise Exploration Project (copper-gold) located within the Cloncurry District of North West Queensland an area that we believe offers the most attractive opportunities for future success.

Table 1 – Sandy Creek Mineral Resource at a 0.3 % Cu cut-off

Sandy Creek Mineral Resource						
January 2013						
Classification	Zone	Tonnes (Mt)	Cu (%)	Au (g/t)	Contained Cu (t)	Contained Au (oz)
Inferred	Main Zone	1.4	1.29	0.35	17,800	15,700
	Hangingwall North	0.1	1.14	0.34	600	600
	Hangingwall South	0.1	1.83	0.17	2,000	600
	Footwall	0.0	0.98	0.89	400	1,100
	West Zone	0.41	1.36	0.26	5,500	3,300
TOTAL		**2.0**	**1.32**	**0.30**	**26,400**	**21,400**

Table 2 - JORC criteria for the Sandy Creek Mineral Resource Estimate Jan 2013

The table below is a description of the assessment and reporting criteria used in the Sandy Creek Project Mineral estimation that reflects those presented in Table 1 of *The Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (The JORC Code, 2012).

Criteria	Explanation
Sampling techniques and Data	
Sampling techniques	• The primary method of grade determination for copper was through ICP AES, and for gold by Au-AA21 (0.001 ppm detection). If copper grades exceeded 10,000 ppm samples were analysed using techniques more suitable for higher grade samples (ME-OG62). • Percussion (Air Core) chips were collected at a nominal 3 m interval (1 – 6 m). All percussion samples were analysed using a 50 g aqua regia digest for copper and gold. • Reverse circulation (RC) chips were collected at 1m intervals. The chips were collected into plastic sample bags from a cyclone to ensure maximum recovery. Splits were taken using either a riffle or cone splitter down to a 1-3kg sub-sample. Composite samples were taken over 4 m intervals in waste areas using a spear. Samples were sent to an accredited laboratory (ALS Geochemistry) for multi-element analysis, including Cu and Au. • Diamond core was split using a rock saw and half-core samples were taken at intervals of between 0.27 and 1.05 m. A total of 9 samples were quarter-core.
Drilling techniques	• Percussion (11 holes – 18%) • Reverse Circulation (38 holes – 62%) • Diamond coring – HQ (pre-collar)/NQ diameter (12 holes – 20%)
Drill sample recovery	• Core recoveries for diamond drill core is only recorded for holes drilled after 2007 and is above 95%. • RC recoveries are only qualitatively recorded by Breakaway.
Logging	• No geological logging is available for percussion holes. • All RC and Diamond holes are logged by qualified geologists. All drillhole data is stored in a SQL Server database and managed using an external database company. Historical data has been merged into the electronic database. • RC holes are logged as they are drilled to maximise information obtained from the spoil including contamination, recovery and wetness. A representative sample from each metre is sieved, washed and collected in a chip tray. For all intervals the compulsory fields requiring population include Wetness, Contamination, Colour Intensity, Colour, Sulphide Abundance, ROCK1 (to describe dominant feature of the rock as it exists now, ie regolith and weathering, hydrothermal alteration, sulphide mineralogy, metamorphic alteration, structure), PROTOLITH (an interpretation of the protolith. In some cases this will be the same as ROCK1 but for example with disseminated sulphides the sulphides will be described in ROCK1, the ultramafic host will be described in PROTOLITH code). If additional minerals are present that are not covered by the ROCK1 or PROTOLITH codes then they can be recorded in the minerals field. Comments fields are available if required. • Following core orientation and mark up all diamond drill core is geologically logged. Holes are logged to geological boundaries. For all intervals the compulsory fields requiring population include: core recovery, sulphide abundance (only required where sulphides are logged in the rock codes), ROCK1 (to describe dominant feature of the rock as it exists now, ie regolith and weathering, hydrothermal alteration, sulphide mineralogy, metamorphic alteration, structure) and PROTOLITH. If additional minerals are present they are recorded in the minerals field along with the dominant minerals within the rock. A comments field is available if required. • All drill holes are logged for structural data including contacts, faults, veins and structural fabrics.
Subsampling techniques and sample preparation	• Samples from diamond drilling were collected as sawn half-core or in some cases quarter-core. • A combination of cyclone and riffle splitter to produce 1-3 kg subsamples of RC chips was used. Composite samples have been taken by spear over the successive intervals. Information regarding wet samples were in some cases recorded at the rig. No specific method of handling wet samples has been used. Samples were oven-dried at the laboratory if necessary.

Criteria	Explanation
Quality of assay data and laboratory tests	• Breakaway Resources have implemented a quality control programme which includes certified reference standards (1:50) for copper only, field duplicates (1:50) and blank samples (1:100) to monitor the accuracy and precision of laboratory data collected past 2007. No gold certified reference standards have been used. • No QAQC data is available for pre-2007 data. • The overall quality of QAQC is considered adequate to support an Inferred classification of the Mineral Resource.
Verification of sampling and assaying	• No umpire check laboratory has been used
Location of data points	• Topography has been measured using a DGPS ground survey. All holes were adjusted to match the elevation of this survey. Easting and Northing co-ordinates were as recorded in the database. • 44% of holes used in the estimate have been surveyed at the collar by hand held GPS. The remaining 56% have been located by unknown methods. The majority of holes have been surveyed downhole with multi-shot or reflex instruments to determine the hole orientation. Three holes have downhole survey data of unknown quality.
Data spacing and distribution	• Drilling has been completed at 50 m spaced sections oriented 090° (MGA). On section spacing varies from 25 m to 100m. • 28% of the drilling is sub-vertical or vertical. • 72% of the drilling is drilled between 55° and 70°
Orientation of data in relation to geological structure	• Nominal east-west drill sections intersect the strike of the mineralisation at a 90° angle. The dip of the mineralisation is moderately consistent along strike for all three lodes. Local grade continuity follows the dip of the mineralisation for the entire deposit. The bulk of drilling is drilled to intersect the main zone mineralisation within 60-90° angles, and the western zone within 20-50° angles. Some bias may be expected from the drilling direction of holes intersecting the west lode.
Sample security	• Optiro is unaware of any issues relating to sample security.
Audits and reviews of sampling and assaying	• Optiro completed a review of the QAQC data (post-2007). Several erroneous or misallocated standards for copper were identified but Optiro were unable to identify which holes were effected therefore no effort was made to remove these assays from the resource estimation. • No other audit/reviews have been completed.
Estimation and reporting of Sandy Creek Mineral Resources	
Database integrity	• All drillhole data is stored in a SQL Server database and managed using an external database company. Historical data has been merged into the electronic database. • Data was validated on entry into the database, or on upload from the earlier MS Access databases, by a variety of means including the enforcement of coding standards, constraints and triggers. These are features built into the data model that ensure data meets essential standards of validity and consistency. • Laboratory data has been received in digital format and uploaded directly to the database. • Optiro performed a visual validation by reviewing drillholes on section and by subjecting drillhole data to data auditing processes in Datamine (e.g. checks for sample overlaps etc.).
Site visits	• No site visit has been undertaken by Optiro.
Geological interpretation	• The Sandy Creek prospect comprises of a large area of combined soil and bedrock geochemical anomalies, EM and IP anomalies, and some sub-economic drill intersections. • Sandy Creek East hosts a few small prospecting pits and shallow shafts. • BHP conducted rock chip sampling, mapping, airborne EM, IP, and ground EM surveys, discovering the Sandy Creek prospects. Several percussion and diamond holes have been drilled into both areas. • RGC conducted soil geochemical surveys, rock chip sampling, bedrock geochemical drilling, and drilled two RC holes into targets generated away from the known mineralisation. • Sandy Creek is a shear-hosted, quartz-infilled (with sulphides) series of structures, typically at or near the contact between the regional meta-sediments and a localised gabbroic package. It has many geological similarities to the nearby Eloise Cu-Au Deposit. • Mineralisation is predominately chalcopyrite within shearing and quartz. • There is a shallow weathering zone, typically to a depth of around 30m or less. The mineralised zone sub-crops as a line of quartz and ironstones with occasional malachite. Mineralisation within the oxidised profile has not been included in the Mineral Resource estimation. • Three-dimensional geological interpretation has been informed by a series of exploration RC drill holes at nominally 50m spacing. Three diamond holes were also drilled to greater depth to serve as platforms for down-hole EM. An EM conductor indicated a shallow southerly plunge to the best portion of mineralisation; however, the entire shear structure contained mineralisation of interest. • Interpretations were triangulated to form 3D solids (mineralisation domains) using a nominal cut-off grade of 0.3% Cu. The down-dip terminations of the sectional interpretations were extended halfway to the next drillhole or projected to maintain consistency with adjacent sections along strike. When closing off along strike, the interpretation was extrapolated by half the section spacing. • Mineralisation is comprised of 2 dominant zones; Western and Main zones. Three smaller zones, two within the hanging wall and one within the footwall to the Main zone, have also been defined within the deposit.

Criteria	Explanation
Dimensions	• Mineralisation strikes north-south and the dip varies between 50° to 85° to the west for the Main and hanging wall zones and between 75° to the east and sub-vertical for the West zone. The Main zone has a strike length of 690 m and the width varies from 2 to 10 m. The West zone has a strike length of 160 m and the width varies from 2 to 7 m. The smaller hanging wall and footwall zone vary in strike of between 50 to 200 m and the width varies from 2 to 5 m. • Mineralisation has been intersected between the elevations of 217 mRL and 5 mRL.
Estimation and modelling techniques	• Drillhole sample data was coded by wireframes using numerous codes derived from mineralisation and geology wireframes. • 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. • 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 all domains. Gold samples were top cut to 2.5 ppm in the main domain, 1.5 ppm in the hanging wall and west domains and 3.7 ppm in the footwall domain. In total, few samples were cut. • Directional normal scores variograms were calculated and modelled for the main domain only due to the paucity of data. Variogram ranges show copper continuity of 250 m along strike, 65 m down dip and 9.5 m across strike and gold continuity of 230 m along strike, 110 m down dip and 4.5 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 45% for copper and 34% for gold and are considered acceptable for this style of deposit. Variography from the main domain was applied to the remaining domains. Dynamic Anisotropy was used to control the orientation of the search ellipse on a local scale to account for small changes in the dip and strike of the mineralisation and align the search ellipses accordingly. • 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 0.5 mE by 0.5 mN by 0.5 mRL subcells as required for volume resolution. Due to the lack of data, the footwall domain was estimated using Nearest Neighbour methods. • During the estimation, search variograms for both copper and gold 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 76.3% of the blocks by volume were estimated in search pass 1, 18.3% in search pass 2 and 4.7% in search pass 3. A total of 0.7% of the blocks were un-estimated. Un-estimated blocks have been assigned the average grades for both copper and gold per domain. A hard estimation boundary was used between mineralisation domains. • Estimation was not completed on the oxide domains due to the lack of data support.
Moisture	• Tonnes have been estimated on a dry basis.
Cut-off parameters	• Mineralisation was interpreted above a nominal 0.3% Cu cut-off. Mineral Resources are reported above a 0.3% Cu cut-off.
Mining factors or assumptions	• No mining factors (i.e. dilution, ore loss, recoverable resources at selective mining block size) have been applied. Currently an open pit mining scenario is assumed.
Metallurgical factors or assumptions	• No metallurgical assumptions have been built into the resource estimate.
Environmental factors or assumptions	• No environmental assumptions have been built into the resource estimate.
Bulk density	• Bulk density data was not available for the Sandy Creek deposit. • 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 criteria	• Mineral Resources have been classified on the basis of confidence in geological and grade continuity using the drilling density, geological model, modelled grade continuity and conditional bias measures (kriging efficiency). • The Sandy Creek Mineral resource has been classified as Inferred.
Block Model verification	• The OK model was validated against the input drillhole composites for each domain. Comparisons were also carried out against the declustered drillhole samples for each domain and by northing, easting and elevation slices against the drillhole data.
Audits or reviews	• No independent review or audit of the resource was completed. • The resource estimate was visually reviewed on section by Optiro. • The estimated grades were validated against declustered average Cu and Au grades for each domain. In addition, profile plots of estimated grade for northing, easting, and elevation were validated against composite grades for each domain.
Discussion of relative accuracy/ confidence	• Optiro place a relative accuracy of greater than +/- 20% (and 90% confidence level) in the Mineral Resource estimate at the global level for the Inferred Resources based on the estimation technique and data quality and distribution. Optiro is confident that as Breakaway Resources increase their knowledge and understanding of the deposit geology and controls on mineralisation that the accuracy and confidence of the resource will increase.