BREAKAWAY RESOURCES LIMITED

ABN 16 061 595 051

ANNUAL REPORT

for the year ended 30 June 2013

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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

REGISTERED & PRINCIPAL OFFICE

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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 2013 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 an independent non-executive director of Aurora Oil & Gas Ltd and was the Chairman of ANZ Western Australia between August 2008 and May 2013. Before joining ANZ, Mr Atkins was head of the Perth office of National Law Firm, Freehills. Mr Atkins's background is as a commercial lawyer. He was admitted as a lawyer in 1978 and practiced full time until 1996 when he moved into management. Mr Atkins is also a non-executive director of financial services company Australian Finance Group Ltd, Chairman of Lotterywest, Chairman and President of the West Australian Chamber of Commerce and Industry, and Deputy Chairman of 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:

Aurora Oil & Gas Ltd	Since June 2013

RICKMAN VICTOR RAJASOORIAR – MANAGING DIRECTOR
(Appointed 2 July 2012)

Victor Rajasooriar holds a mining engineering degree from the Western Australian School of Mines, holds a West Australian First Class Mine Managers Certificate, and is a member of the Australasian Institute of Mining and Metallurgy. Prior to joining Breakaway, Mr Rajasooriar was the Executive Director - Operations / COO of Bass Metals Ltd, and held senior roles with Gold Fields Ltd, Grange Resources, Newmont Mining and Mt. Isa Mines Ltd.

He has over 17 years of mining experience in Canada, the USA and throughout Australia, in operations and technical management, liaising with mine geological and exploration teams, feasibility studies, mine construction, mergers and acquisition studies and continuous improvement.

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 Barminco Group of companies including Barminco 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 Barminco 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

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 11 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[1]	Number of Options Granted[2]
John Atkins*	986,612	-
Victor Rajasooriar*	707,242	5,000,000
Jon Young *	2,359,945	-
Jeff Gresham	1,023,279	-

Note 1 – Directors have accepted an offer from Minotaur Resources Ltd dated 9 August 2013 pursuant to a proposed off-market takeover offer for all of the fully paid shares in the Company.
Note 2 – these options will be cancelled should the Minotaur Resources Ltd proposed off-market takeover offer become unconditional.

* 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	8	9
Victor Rajasooriar	9	9

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 $708,439 (2012: Loss of $3,122,813).

DIVIDENDS

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

REVIEW OF RESULTS AND OPERATIONS

The operations and results of the Company for the financial year are reviewed below. This review includes information on the financial position of the Company, its operational activities for the year and its future business strategies.

Revenue
Revenue comprised interest received, down 63% on prior year as a consequence of lower cash balances. Other revenue increased to $828,581 (2012: $547,783) mainly as a result of the sale of the Spargos Reward and Scotia projects.

Expenses
During the year, the Company continued exploration activities at its various exploration projects with expenditure on exploration decreasing 42% to $1,452,494 (2012: $2,522,477). The reduced expenditure has occurred as a consequence of availability of cash, with total expenditure reducing from $3,783,599 to $1,873,924, which includes a write back of the rehabilitation provision of $620,000 (2012: $Nil).

Tax benefit
A tax benefit of $294,778 (2012: $Nil) was received as an R&D tax offset payment.

Cash and cash equivalents at 30 June 2013 decreased by 57% to $566,640 (2012: $1,319,779).

Operating cash flows
Cash outflow from operating activities decreased by 31% to $2,077,274 (2012: $3,011,915). This amount decreased mainly because of the receipt of a R&D tax offset in 2013 for the 2012 financial years of $294,778. In addition operational cash payments decreased 24% to $2,620,427.

Investing cash flows
Cash inflows for investing activities increased by $77,853 due to the sale of listed securities and the refund of security bonds.

Financing cash flows
Cash flow from financing activities increased by $146,016 mainly due to an increase in the net proceeds received from the issue of shares.

Statement of financial position

Current assets
Current assets decreased by 12% to $1,189,318 (2012: $1,348,610) mainly due to cash and cash equivalents decreasing 57% to $566,640 (2012: $1,319,779) with this being offset by an increase in trade and other receivables of $593,847 due to the Scotia sale being accrued.

Non-current assets
Non-current assets decreased by 51% to $163,296 (2012: $335,107) due to relinquishment of certain security bonds, the decrease in value of listed securities together with the divestment of certain listed securities.

Current liabilities
Current liabilities decreased by 30% to $360,033 (2012: $514,168), being a reduction in trade and other payables due to the decrease in operational activities.

Non - Current liabilities
Non - Current liabilities decreased by 89% to $90,000 (2012: $821,597), being a reduction in non-current trade and other payables and a write back of the rehabilitation provision of $620,000 no longer required due to the sale of tenements, such as the Scotia and West Kambalda projects.

Debt position
The Company has no debt.

During the year, the Group undertook the following operational activities:

Base Metal Exploration – Queensland

- Announced 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 completed for the Sandy Creek Project, North Queensland;
- Diamond drilling program commenced at Sandy Creek in October 2012 aimed at extending and upgrading the existing JORC resource and obtaining drill core for metallurgical test work;
- Farm-in Joint Venture agreement signed with leading Australian copper producer Sandfire Resources for the Broader Altia Project in NW Queensland, targeting all minerals. Sandfire to 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;
- Two significant new EM conductors identified at the Eloise Exploration Project following a successful MLEM survey conducted by Newexco Services Pty Ltd; and
- Joint Venture manager Sandfire Resources (ASX: SFR) commences a program of follow-up diamond and RC drilling at the Broader Altia Project.

Nickel Exploration – Western Australia

- Agreement reached with Agnew Gold Mining Company to dissolve the mining rights arrangements in respect of the Vivien and Miranda tenements in Western Australia;
- Strategic review of the Company's remaining nickel projects in WA; and
- Agreement with Norilsk Nickel Australia Pty Ltd and Norilsk Nickel Avalon Pty Ltd relinquishing it from a claw-back and pre-emptive rights arrangement over Western Australian tenements held by Breakaway and converting their rights into a Net Smelter Royalty (NSR) over future production.

Gold Exploration – Western Australia

- Agreement reached with Mithril Resources to sell the Spargos Reward tenements, part of Breakaway's West Kambalda Project, for $200,000 in cash and Breakaway retains all Nickel Rights on the Spargos Reward tenements;
- Scotia Gold JV delivered encouraging gold results from the Chameleon Prospect and its maiden exploration drilling programs at the Stubby Tail and Blue Tongue Prospects, located 60km north of Kalgoorlie; and

- In-house analysis of gold anomalies identified during historical nickel exploration used to identify gold exploration potential within Breakaway's Leinster tenements, which are located 35km south of Leinster, adjacent to the Thunderbox and Bannockburn gold mines.

Corporate

- Sandfire Resources acquired a strategic stake in Breakaway at a premium to market by injecting A$600,000 to boost its working capital for ongoing copper-gold exploration in NW Queensland;
- A Share Purchase Plan to eligible shareholders raised $597,500 to underpin ongoing copper-gold exploration programs at the Eloise Project, North Queensland; and
- Entered into a contract for the sale of the Scotia Project, located 65km north of Kalgoorlie, to Minotaur Exploration for $600,000 in cash.

Future Business Strategy

The Breakaway Board believe that under the current difficult market conditions faced by junior exploration companies, under which raising new capital is extremely difficult, sensible business combinations such as that announced on 15 July 2013, where Minotaur Exploration Ltd proposed to acquire all of the issued shares in Breakaway through an off-market agreed takeover, provide a more attractive and less dilutive solution for shareholders. At the date of this report Minotaur Exploration Ltd had acquired 77.55% of the Company.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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 15 July 2013 the Company and Minotaur Exploration Ltd announced they were entering into a binding Bid Implementation Agreement (BIA) under which Minotaur Exploration Ltd (ASX: MEP) proposed to acquire all of the issued shares in Breakaway through an off-market agreed takeover offer. On 31 July 2013 Minotaur Exploration Ltd lodged a bidder's statement with ASIC. Under the offer, Breakaway shareholders would receive 1 Minotaur (MEP) share for every 10 Breakaway (BRW) shares. At the date of signing this report, Minotaur Exploration Ltd had acquired 77.55% of the Company.

On 20 May 2013 the Company announced that it had reached an agreement to sell its Scotia Project, located 65km north of Kalgoorlie in Western Australia, to Minotaur Exploration Limited for a total consideration of $600,000 (excluding GST). The conditions attached to the sale were satisfied subsequent to year end and the funds received on 26 July 2013.

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 been discussed in the Review and Results of Operations above.

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 of 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
1,250,000	5.3 cents	11-May-15
2,500,000	2.3 cents	12-May-15
3,750,000	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 9.25% (2013:9%) 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		
	Salaries & Fees $	Non-Monetary Benefits $	Superannuation Benefits $	Termination Benefits $	Options and Rights $	Total Remuneration $	Value of Options as Proportion of Remuneration %
2013							
Executive Director							
Victor Rajasooriar[2]	252,294	-	22,706	-	71,576	346,576	21%
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	**396,294**	**-**	**35,666**	**-**	**71,576**	**503,536**	
Key Management Personnel							
Simon Storm	55,934	-	-	-	12,166	68,100	18%
Total	**55,934**	**-**	**-**	**-**	**12,166**	**68,100**	

Name	Short-Term		Post Employment		Share Based Expense		
	Salaries & Fees $	Non-Monetary Benefits $	Superannuation Benefits $	Termination Benefits $	Options and Rights $	Total Remuneration $	Value of Options as Proportion of Remuneration %
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	2%
Total	**62,352**	**-**	**-**	**-**	**1,161**	**63,513**	

Note 1 - resigned 12 June 2012

Note 2 - appointed 2 July 2012

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 months' 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 July 2012	Granted as Remuneration	Exercised	Cancelled/Lapsed	Held at 30 June 2013
John Atkins	-	-	-	-	-
Victor Rajasooriar	-	5,000,000	-	-	5,000,000
Jon Young	-	-	-	-	-
Jeffery Gresham	-	-	-	-	-
Specified Officers					
Simon Storm	1,500,000	-	-	-	1,500,000

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:

2013	Number of Options Granted	Grant Date	Fair Value per Option $	Exercise Price	Expiry Date	Number of Options Vested During the Year
Directors						
Victor Rajasooriar	5,000,000	16-Nov-12	2.1 cents 1.5 cents	2,500,000 at 2.3 cents 2,500,000 at 10 cents	1-Jul-15	-
Officers						
-	-	-	-	-	-	-

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-15	-

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 17.

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	
	2013 $	2012 $
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	**8,053**	5,354

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 2013

STATEMENT OF FINANCIAL POSITION	Note	Consolidated 2013 30-Jun $	Consolidated 2012 30-Jun $
CURRENT ASSETS			
Cash and cash equivalents	**6**	**566,640**	1,319,779
Trade and other receivables	**7**	**622,678**	28,831
Total Current Assets		**1,189,318**	1,348,610
NON-CURRENT ASSETS			
Trade and other receivables	**7**	**106,200**	228,278
Property, plant & equipment	**8**	**43,854**	70,925
Available for sale financial assets	**9**	**13,242**	35,904
Total Non-Current Assets		**163,296**	335,107
TOTAL ASSETS		**1,352,614**	1,683,717
CURRENT LIABILITIES			
Trade and other payables	**10**	**338,418**	498,692
Provisions	**11**	**21,615**	15,476
Total Current Liabilities		**360,033**	514,168
NON CURRENT LIABILITIES			
Trade and other payables	**10**	**90,000**	200,000
Provisions	**11**	**-**	621,597
Total Non Current Liabilities		**90,000**	821,597
TOTAL LIABILITIES		**450,033**	1,335,765
NET ASSETS		**902,581**	347,952
EQUITY			
Issued capital	**12**	**97,363,168**	96,188,265
Reserves	**13**	**799,542**	711,377
Accumulated losses	**14**	**(97,260,129)**	(96,551,690)
TOTAL EQUITY		**902,581**	347,952

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Note	Consolidated	
		2013 $	2012 $
Finance revenue	2	**42,126**	113,003
Total revenue from continuing operations		**42,126**	113,003
Other revenue	2	**828,581**	547,783
Employee benefit expenses		**(472,242)**	(505,754)
Exploration expenditure		**(1,452,494)**	(2,522,477)
Depreciation and amortisation costs	3	**(25,404)**	(34,692)
Administration expense		**(276,390)**	(421,852)
Consultants expense		**(172,154)**	(110,833)
Occupancy expense		**(64,348)**	(117,982)
Impairment of assets available-for-sale		**(13,358)**	(44,964)
Impairment of fixed assets	3	**(11,586)**	(14,261)
Reversal of rehabilitation provision	11	**620,000**	-
Other expenses from ordinary activities		**(5,948)**	(10,784)
Loss from continuing operations before tax		**(1,003,217)**	(3,122,813)
Income tax benefit	5	**294,778**	-
Net loss for the period		**(708,439)**	(3,122,813)
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		**(708,439)**	(3,122,813)
Loss attributable to:			
Owners of Breakaway Resources Ltd		**(708,439)**	(3,122,813)
Total comprehensive income for the period is attributable to:			
Owners of Breakaway Resources Ltd		**(708,439)**	(3,122,813)
Basic (loss)/profit per share (cents per share)	20	**(0.17)**	(0.84)
Diluted (loss)/profit per share (cents per share)	20	**(0.17)**	(0.84)

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY	Ordinary Shares	Converting Notes	Reserves	Accumulated losses	Total attributed to equity holders
	$	$	$	$	$
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)
	96,188,265	-	711,377	(93,428,877)	3,470,765
Loss attributable to members of the parent entity	-	-	-	(3,122,813)	(3,122,813)
Balance at 30 June 2012	96,188,265	-	711,377	(96,551,690)	347,952
Balance at 1 July 2012	**96,188,265**	**-**	**711,377**	**(96,551,690)**	**347,952**
Shares issued during the year	**1,197,500**	**-**	**-**	**-**	**1,197,500**
Share-based payments	**-**	**-**	**88,165**	**-**	**88,165**
Share issue costs	**(22,597)**	-	-	-	**(22,597)**
	97,363,168	**-**	**799,542**	**(96,551,690)**	**1,611,020**
Loss attributable to members of the parent entity	**-**	-	-	**(708,439)**	**(708,439)**
Balance at 30 June 2013	**97,363,168**	**-**	**799,542**	**(97,260,129)**	**902,581**

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

STATEMENT OF CASH FLOWS	Note	Consolidated	
		2013 $	2012 $
Cash Flows from Operating Activities			
Cash receipts in the course of operations		200,813	300,000
Cash payments in the course of operations		(2,620,427)	(3,435,368)
Interest received		47,562	123,453
R&D - Tax offset		294,778	-
Net cash used in Operating Activities	6(b)	(2,077,274)	(3,011,915)
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(12,519)	(14,783)
Proceeds from sale of property, plant and equipment		1,200	38,386
Payment for available for sale financial assets		38,473	-
Security bond deposits received		122,078	47,776
Net cash used in Investing Activities		149,232	71,379
Cash Flow from Financing Activities			
Proceeds from share issue (net of transaction costs)		1,197,500	1,111,475
Share issue costs		(22,597)	(82,588)
Repayment of hire purchase liability		-	-
Net Cash provided by/(used in) Financing Activities		1,174,903	1,028,887
Net increase/(decrease) in cash held		(753,139)	(1,911,649)
Cash at the beginning of the financial year		1,319,779	3,231,428
Cash at the End of the Financial Year	6(a)	566,640	1,319,779

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 2013 was authorised for issue in accordance with a resolution of the Directors on 25 September 2013. 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 $829,285 (2012: $834,442) after experiencing net cash outflows from operating activities of $2,077,274 (2012: $3,011,915) and after incurring a comprehensive loss after tax for the year ended 30 June 2013 of $708,439 (2012: $3,122,813).

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 share purchase plan capital raising during November 2012 and has the ability to continue doing so on a timely basis, pursuant to the Corporations Act 2001;
- completed the sale of the Scotia Project, located 65km north of Kalgoorlie, to Minotaur Exploration for $600,000 in cash received in July 2013;
- completed a farm in and joint venture agreement with Sandfire Resources NL, which included a $600,000 share placement, which was received subsequent to year end;
- 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. Subsequent to year end the Company and Minotaur Exploration Ltd announced they were entering into a binding Bid Implementation Agreement (BIA) under which Minotaur Exploration Ltd (ASX: MEP) proposed to acquire all of the issued shares in Breakaway through an off-market agreed takeover offer. On 31 July 2013 Minotaur Exploration Ltd lodged a bidder's statement with ASIC. Breakaway shareholders would receive 1 Minotaur (MEP) share for every 10 Breakaway (BRW) shares. At the date of signing this report, Minotaur Exploration Ltd had acquired 77.55% of the Company.

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 are not successful in raising funds, 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.

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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' or 'consolidated entity').

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.

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

viii. Income Tax (continued)

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.

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.

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

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 17.

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. Standards New Accounting Standards and Interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(a) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities.

The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is expected to have an impact on the Group's financial assets, but no impact on the Group's financial liabilities.

(b) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities (2011)

AASB 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

Under AASB 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities.

c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

The Group may need to reclassify its joint arrangements, which may lead to changes in current accounting for these interests.

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

These standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(c) AASB 13 Fair Value Measurement (2011)

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs.

The Group is currently reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(d) AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the Group. However, the Group may need to assess the impact of the change in measurement principles of expected return on plan assets. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

2) PROFIT FROM OPERATIONS

	Consolidated	
	2013 $	2012 $
Revenue		
Interest income	**42,126**	113,003
Total revenue	**42,126**	113,003
Other income	**813**	209,397
Profit on sale of fixed assets	**(1,401)**	-
Profit on sale of available for sale assets	**29,169**	38,386
Income on disposal of tenement rights	**800,000**	300,000
Total other income	**828,581**	547,783
	870,707	660,786

3) LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

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

	Consolidated	
	2013 $	2012 $
Impairment write down of property, plant & equipment	**11,586**	14,261
Depreciation and Amortisation:		
Plant and equipment	**25,404**	34,692
Total Depreciation and Amortisation	**25,404**	34,692
Share based payments expense	**88,165**	11,597

4) REMUNERATION OF AUDITORS

	Consolidated	
	2013 $	2012 $
Audit Services		
Auditors of the Company – Nexia Perth Audit Services Pty Ltd	**20,329**	20,289
Amounts received, or due and receivable, for taxation and other services by:		
Auditors of the Company – Nexia Perth Audit Services Pty Ltd	**8,053**	5,354

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 2013 and 2012 is as follows:

	Consolidated	
	2013 $	2012 $
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	**(1,003,217)**	(3,122,813)
Income tax benefit at 30%	**300,965**	936,844
Non-deductible expenses:		
Share based payment expense	**(26,450)**	(3,479)
Other non deductible expenses	**(1,469)**	(389)
Unused tax losses and other temporary differences not recognised	**21,732**	(932,976)
Income tax benefit attributable to loss from ordinary activities before tax	**294,778**	-
Unrecognised deferred tax balances		
Tax losses attributable to members of the tax consolidiated group - revenue	**(72,610,820)**	(70,751,389)
Potential tax benefit at 30%	**21,783,246**	21,225,417
Deferred tax liability not booked		
Accrued interest	**(190)**	(1,820)
Deferred tax asset asset not booked		
Amounts recognised in profit & loss		
Provisions	**6,739**	191,122
Accruals	**5,985**	49,891
Plant & Equipment	**3,476**	4,278
Available for sale financial assets	**87,525**	93,176
Amounts recognised in equity		
Share issue costs	**66,797**	105,645
Capital losses	**473,777**	713,777
Net unrecognised deferred tax asset at 30%	**22,427,355**	22,381,486

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	
	2013 $	2012 $
Cash at bank and in hand	**366,640**	384,779
Short-term deposits	**200,000**	935,000
	566,640	1,319,779

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	
	2013 $	2012 $
Cash and cash equivalents	**566,640**	1,319,779

6) CASH AND CASH EQUIVALENTS (continued)

(b) The reconciliation of loss after income tax to net cash flows from operating activities:	Consolidated 2013 $	Consolidated 2012 $
Loss from ordinary activities after income tax	**(708,439)**	(3,122,813)
Add non-cash items		
Depreciation	**25,404**	34,692
Share option expense	**88,165**	11,597
Impairment of fixed assets	**11,586**	14,261
Impairment of assets available for sale	**13,358**	44,964
Relinquishment of base metal rights	**-**	(209,397)
Profit on sale of shares	**(29,169)**	-
Profit on sale of fixed assets	**1,401**	(38,386)
Net cash provided by operating activities before change in assets and liabilities	**(597,694)**	**(3,265,082)**
(Increase)/Decrease in Assets		
Receivables	**(596,078)**	45,840
Other debtors	**2,227**	-
Increase/(Decrease) in Liabilities		
Creditors	**(255,891)**	247,417
Other creditors	**(14,380)**	(6,551)
Provisions	**(615,458)**	(33,538)
Net cash provided by operating activities	**(2,077,274)**	(3,011,914)

7) TRADE AND OTHER RECEIVABLES

	Consolidated 2013 $	Consolidated 2012 $
Current		
Other receivables	**611,708**	4,600
Interest Receivable	**632**	6,068
GST recoverable	**10,338**	18,163
	622,678	28,831
Non-Current		
Other - mining and rental bonds	**106,200**	228,278
	106,200	228,278

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 $86,200 (2012: $145,200) over these mining and tenement bonds. Refer to note 19 for more details.

8) PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2013 $	Consolidated 2012 $
Plant and equipment – at cost *	**264,636**	518,669
Less: Accumulated depreciation	**(220,782)**	(447,744)
Total property, plant and equipment at net book value	**43,854**	70,925

* - fully depreciated assets of $238,908 were written off during the year

Reconciliations

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

	Consolidated 2013 $	Consolidated 2012 $
Plant and Equipment		
Carrying amount at beginning of year	**70,925**	105,095
Additions	**12,519**	14,783
Impairment writedown	**(11,586)**	(14,261)
Disposals	**(2,600)**	-
Depreciation	**(25,404)**	(34,692)
Carrying amount at end of year	**43,854**	70,925

9) AVAILABLE FOR SALE FINANCIAL ASSETS

	Consolidated 2013 $	Consolidated 2012 $
Non-Current		
Shares listed on a prescribed stock exchange - cost	**304,994**	346,491
Less: Provision for diminuition in value	**(291,752)**	(310,587)
Carrying amount at year end	**13,242**	35,904

10) TRADE AND OTHER PAYABLES

	Consolidated 2013 $	Consolidated 2012 $
Current		
Trade creditors	**317,620**	455,483
Accruals	**11,998**	20,029
Group Tax	**8,800**	23,180
Superannuation Payable	**-**	-
	338,418	498,692
Non-Current		
Trade creditors[1]	**90,000**	200,000
	90,000	200,000

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	
	2013	**2012**
	$	**$**
Current		
Employee benefits	**21,615**	15,476
	21,615	15,476
Non-Current		
Employee benefits	-	1,597
Rehabilitation	-	620,000
	-	621,597

The movements in provisions are analysed as follows:-

	Consolidated		
	Employee benefits	**Rehabilitation**	**Total**
	$	**$**	**$**
Consolidated			
At 1 July 2012	**17,073**	**620,000**	**637,073**
Arising during the year	**26,913**	**-**	**26,913**
Utilised	**(22,371)**	**-**	**(22,371)**
Unused amounts reversed	**-**	**(620,000)**	**(620,000)**
At 30 June 2013	**21,615**	**-**	**21,615**
Current 2013	**21,615**	**-**	**21,615**
Non-current 2013	**-**	**-**	**-**

12) CONTRIBUTED EQUITY

	Jun-13 12 months $	Jun-12 12 months $
434,854,266 (June 2012: 388,163,837) ordinary shares, fully paid	**97,363,168**	96,188,265

	Consolidated	
(i) Ordinary shares - number	Jun-13 12 months Number	Jun-12 12 months Number
At start of period	**388,163,837**	291,100,507
Conversion of convertible note	**-**	74,380,165
Issue of shares under a Share Purchase Plan	**20,603,473**	-
Placement to Sandfire in September 2012 at 2.3 cents	**26,086,956**	-
Placement in November 2011 at 4.9 cents	**-**	22,683,165
Balance at end of period	**434,854,266**	388,163,837

	Consolidated	
(ii) Ordinary shares – value	Jun-13 12 months $	Jun-12 12 months $
At start of period	**96,188,265**	86,159,378
Conversion of convertible note	**-**	9,000,000
Issue of shares under a Share Purchase Plan at 2.9 cents	**597,500**	-
Placement to Sandfire in September 2012 at 2.3 cents	**600,000**	-
Placement in November 2011 at 4.9 cents	**-**	1,111,475
Less share issue costs	**(22,597)**	(82,588)
Balance at end of period	**97,363,168**	96,188,265

13) RESERVES

	Consolidated	
	2013 $	2012 $
Employee Share Based Payments Reserve	**799,542**	711,377
Investments Revaluation Reserve	**-**	-
At end of period	**799,542**	711,377
Employee Share Based Payments Reserve		
At start of period	**711,377**	699,780
Employee share based payments	**88,165**	11,597
At end of period	**799,542**	711,377

14) ACCUMULATED LOSSES

	Consolidated	
	2013 $	2012 $
Accumulated losses at the beginning of the financial year	**(96,551,690)**	(93,428,877)
Net loss attributable to members of the parent entity	**(708,439)**	(3,122,813)
Accumulated losses at the end of the financial year	**(97,260,129)**	(96,551,690)

15) 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 10 March 2003
Jeffery J Gresham – appointed 1 October 2006
Rickman Victor Rajasooriar - 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:

	2013	2012
Ordinary shares	33,800,108	31,213,898
Options	5,000,000	1,750,000

Mr Jonathan Young is also the Chairman of FMR Investments Pty Ltd (FMR) which held 28,723,030 shares in the Company at 30 June 2013.

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.

16) 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)

(ii) Key Management Personnel

Mr Simon Storm	Company Secretary

Remuneration relating to Directors and Key Management Personnel are included in the Directors' Report.

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-12	Purchases or held at date of employment	Received on Exercise of Options	Sales/Other Movements	Held at 30-Jun-13
John Atkins	469,370	517,242	-	-	986,612
Victor Rajasooriar	-	707,242	-	-	707,242
Jon Young	1,842,703	517,242	-	-	2,359,945
Jeffery Gresham	506,037	517,242	-	-	1,023,279
Specified Officers					
Simon Storm	-	-	-	-	-

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	1,842,307	-	-	-	1,842,307
Jeffery Gresham	506,037	-	-	-	506,037
Specified Officers					
Simon Storm	-	-	-	-	-

1. – Mr Hutton resigned 12 June 2012.

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

16) KEY MANAGEMENT PERSONNEL (continued)

	2013 $	2012 $
Short-term employee benefits	**452,228**	455,912
Post-employment benefits	**35,666**	33,299
Other long-term benefits	**-**	-
Share-based payment	**83,742**	8,502
Total compensation	**571,636**	497,713

17) 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
11-May-12	11-May-15	$0.053	$0.009	-	2,750,000	(1,500,000)	-	1,250,000	-
11-May-12	11-May-15	$0.10	$0.006	-	2,750,000	(1,500,000)	-	-	1,250,000
16-Nov-12	1-Jul-15	$0.023	$0.021	-	2,500,000	-	-	-	2,500,000
16-Nov-12	1-Jul-15	$0.10	$0.015	-	2,500,000	-	-	-	2,500,000

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:

	2013		2012	
	No.	Weighted average exercise price Cents	No.	Weighted average exercise price Cents
Outstanding at the beginning of the period	5,500,000	7.7	2,150,000	31.5
Granted during the period	5,000,000	6.2	5,500,000	7.7
Forfeited during the period	(3,000,000)		(1,500,000)	
Exercised during the period	-		-	
Expired during the period	-		(650,000)	
Outstanding at the end of the period	7,500,000	6.7	5,500,000	7.7
Exercisable at the end of the period	1,250,000		-	

17) EMPLOYEE BENEFITS (continued)

The outstanding balance as at 30 June 2013 is represented by:

1. 7,500,000 options vesting as follows:

 - 1,250,000 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.
 - 2,500,000 with an exercise price of 2.3 cents, vesting 1 July 2013 and expiring 1 July 2015.
 - 1,250,000 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.
 - 2,500,000 with an exercise price of 10.0 cents, vesting 1 July 2014 and expiring 1 July 2015.

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 2013:

	2013	2012
Expected volatility (%)	130%	80%
Risk-free interest rate (%)	4.75%	4.75%
Expected life of option (years)	3 years	3 years
Exercise price (cents)	2.3 and 10 cents	5.3 and 10 cents
Grant date share price	2.7 cents	3.0 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.

18) 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.

19) FINANCING ARRANGEMENTS

Bonds and Performance Guarantees	Consolidated 2013 $	Consolidated 2012 $
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.	**46,200**	**105,200**
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 .	**25,000**	**25,000**
Unconditional Performance Bonds have been lodged with the Queensland Mines and Energy Dept of Employment, Economic Development and Innovation (DEEDI) for the progressive rehabilitation and reclamation of the mineral tenements .	**15,000**	**15,000**
	86,200	**145,200**

Other

Cash security of $20,000 (2012:$20,000) has been provided in respect of corporate credit cards.

20) LOSS PER SHARE

	Consolidated 2013 $	Consolidated 2012 $
Basic loss per share (cents per share)	**(0.17)**	**(0.84)**
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	**(708,439)**	(3,122,813)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	**422,512,945**	369,868,381
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	**(0.17)**	(0.84)

21) 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 $
2013					
Financial Assets					
Cash assets	**3.83%**	**566,640**	-	-	**566,640**
Receivables	**3.39%**	**106,200**	-	**612,340**	**718,540**
Available- for- sale financial assets	-	-	-	**13,242**	**13,242**
		672,840	-	625,582	1,298,422
Financial Liabilities					
Payables		-	-	**428,418**	**428,418**
		-	-	**428,418**	**428,418**

21) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CONSOLIDATED	Weighted Average Interest rate	Floating interest rate $	Fixed interest rate $	Non-interest Bearing $	Total $
2012					
Financial Assets					
Cash assets	5.42%	1,319,779	-	-	1,319,779
Receivables	5.60%	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
Lease Liability	-	-	-	-	-
		-	-	675,512	675,512

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	
	2013 $	2012 $
Financial Assets		
Cash and cash equivalents	**566,640**	1,319,779
Trade and other receivables	**106,200**	228,278
Net exposure	**672,840**	1,548,057

At 30 June 2013, 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)	
	2013 $	2012 $	2013 $	2012 $
Consolidated Group				
+1% (100 basis points)	**9,682**	19,644	**9,682**	19,644
-1% (100 basis points)	**(9,682)**	(19,644)	**(9,682)**	(19,644)

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.

21) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 2013. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2013.

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

	Consolidated	
	2013 $	2012 $
6 months or less	**218,418**	398,692
6-12 months	**120,000**	60,000
1-5 years	**90,000**	200,000
over 5 years	**-**	-
	428,418	658,692

21) 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 2013	<6 months $	6-12 months $	1-5 years $	>5 years $	Total $
Consolidated					
Financial assets					
Cash & cash equivalents	**566,640**	**-**	**-**	**-**	**566,640**
Trade & other receivables	**612,340**	**-**	**-**	**-**	**612,340**
Security bonds	**-**	**-**	**-**	**106,200**	**106,200**
Available for sale financial assets	**13,242**	**-**	**-**	**-**	**13,242**
	1,192,222	**-**	**-**	**106,200**	**1,298,422**
Financial liabilities					
Trade & other payables	**218,418**	**120,000**	**90,000**	**-**	**428,418**
	218,418	**120,000**	**90,000**	**-**	**428,418**
Net maturity	**973,804**	**(120,000)**	**(90,000)**	**106,200**	**870,004**

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

Capital Risk Management

The Consolidated entity manages its capital to ensure that entities in the group will be able to continue as a going concern 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 13 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.

22) COMMITMENTS

	Consolidated	
	2013	2012
	$	$
(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	**82,716**	95,916
- between 12 months and 5 years	**39,233**	138,624
- greater than 5 years	**-**	-
	121,949	234,540

The consolidated entity has minimum expenditure obligations in pursuance of the terms and conditions of mining tenements in the forthcoming year of approximately $1,063,600 (2012: $2,227,980). These obligations are not provided for in the financial report. These obligations may be varied from time to time subject to statutory approval.

23) PARENT ENTITY FINANCIAL INFORMATION

	2013	2012
	$	$
Current assets	**1,187,734**	1,347,339
Total assets	**1,309,830**	1,641,246
Current liabilities	**360,041**	514,168
Non Current liabilities	**90,000**	200,000
Total liabilties	**450,041**	970,767
Shareholders equity		
Share capital	**97,363,168**	96,188,265
Reserves	**799,542**	711,377
Accumulated losses	**(97,302,921)**	(96,229,163)
	859,789	670,479
Net loss	**(1,073,758)**	(3,106,450)
Total comprehensive (loss)/income	**(1,073,758)**	(3,106,450)
Performance Guarantees (refer to Note 19)	**65,000**	115,200

24) EVENTS SUBSEQUENT TO REPORTING DATE

On 15 July 2013 the Company and Minotaur Exploration Ltd announced they were entering into a binding Bid Implementation Agreement (BIA) under which Minotaur Exploration Ltd (ASX: MEP) proposed to acquire all of the issued shares in Breakaway through an off-market agreed takeover offer. On 31 July 2013 Minotaur Exploration Ltd lodged a bidder's statement with ASIC. Under the offer, Breakaway shareholders would receive 1 Minotaur (MEP) share for every 10 Breakaway (BRW) shares. At the date of signing this report, Minotaur Exploration Ltd had acquired 77.55% of the Company.

On 20 May 2013 the Company announced that it had reached an agreement to sell its Scotia Project, located 65km north of Kalgoorlie in Western Australia, to Minotaur Exploration Limited for a total consideration of $600,000 (excluding GST). The conditions attached to the sale were satisfied subsequent to year end and the funds received on 26 July 2013.

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.

25) REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

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 7 to 9 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 2013 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 2013.

Signed in accordance with a resolution of the Directors

____
John Atkins
Director

Perth
25 September 2013

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 2013, the consolidated statement of profit or loss and other 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 2013 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 comprehensive loss after tax of $708,439 and in the event that the Company and consolidated entity is not successful in raising funds, there exists 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 extinguishes its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. 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 2013 complies with Section 300A of the *Corporations Act 2001*.

NPAS

Nexia Perth Audit Services Pty Ltd

PTC Klopper

PTC Klopper
Director

Perth
25 September 2013

nexia australia

the next solution

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 2013 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.

NPAS

Nexia Perth Audit Services Pty Ltd

PKlopper

PTC Klopper
Director

Perth
25 September 2013

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CORPORATE GOVERNANCE

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.

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 2013.

CAPITAL STRUCTURE

Listed on the Australian Stock Exchange are 434,854,266 fully paid shares. The Company has 7,500,000 unquoted options on issue.

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The Company is currently subject to an off market takeover offer from Minotaur Resources Ltd pursuant to a bidders statement dated 31 July 2013. At the date of signing this report, Minotaur had received acceptances for 77.55% of the Company. The offer has been extended to 9 October 2013. Some of these Top 20 shareholders have accepted Minotaur's offer and if the offer conditions are satisfied or waived before the end of the Offer Period, will be transferred to Minotaur.

	SHAREHOLDERS	**Number of shares held**	**% Holding**
1	NORILSK NICKEL AUSTRALIA PTY LTD	107,779,198	24.8%
2	FMR INVESTMENTS PTY LIMITED	28,723,030	6.6%
3	SANDFIRE RESOURCES NL	26,086,956	6.0%
4	MR ROBERT GEMELLI	11,105,724	2.6%
5	MR GARRY PATRICK CONNELL + MS DEVRYN LEE CONNELL <CONNELL CONTRACTOR SUPER A/C>	6,398,413	1.5%
6	LEET INVESTMENTS PTY LTD <SUPERANNUATION FUND A/C>	4,500,000	1.0%
7	HANOBINE HOLDINGS PTY LTD	4,115,317	0.9%
8	NEFCO NOMINEES PTY LTD	3,205,168	0.7%
9	LEET INVESTMENTS PTY LIMITED	3,178,766	0.7%
10	HANOBINE HOLDINGS PTY LTD <COLLICA SUPER FUND A/C>	3,100,000	0.7%
11	MR JOHN SIDNEY SNELL + MRS CAROLE VERONICA SNELL <JCTS	2,999,999	0.7%
12	CHEMCO SUPERANNUATION FUND PTY LTD <CHEMCO SUPER FUND NO 2 A/C>	2,719,945	0.6%
13	ALLAN FREDERICK HARRISON	2,442,991	0.6%
14	MR IANAKI SEMERDZIEV	2,398,000	0.6%
15	RAGGED HOLDINGS PTY LTD <RAGGED SUPER A/C>	2,359,945	0.5%
16	WYTHENSHAWE PTY LTD	2,097,778	0.5%
17	MR JAMES WILLIAM HERMISTON	2,089,000	0.5%
18	MRS LILIANA TEOFILOVA	2,088,000	0.5%
19	MRS VANESSA HICKEY	2,078,091	0.5%
20	REDTOWER CORPORATION PTY LTD <SACKS SUPER FUND A/C>	2,003,688	0.5%
		221,470,009	50.9%

DISTRIBUTION OF SHAREHOLDINGS

The distribution of shareholdings as at 19 September 2013 was:

Category (size of holding)	Number of Holders
1 - 1,000	200
1,001 - 5,000	466
5,001 - 10,000	341
10,001 - 100,000	927
100,001 - and over	483
	2,417

The number of shareholdings held in less than marketable parcels is 1,576.

SUBSTANTIAL SHAREHOLDERS

Shareholder	Number of shares
NORILSK NICKEL AUSTRALIA PTY LTD*	107,779,198
FMR INVESTMENTS PTY LIMITED	28,723,030
SANDFIRE RESOURCES NL	26,086,956

* - noted on 17 July 2013 it had ceased to be a substantial shareholder with 86,536,000 shares being accepted pursuant to a pre bid acceptance deed dated 12 July 2013 with Minotaur Resources Ltd. Minotaur lodged an off market takeover offer for the Company pursuant to a bidders statement dated 31 July 2013.

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

MINERAL TENEMENT SCHEDULE

(CURRENT AT 19 SEPTEMBER 2013)

M – Mining Lease
E – Exploration Licence
L – Miscellaneous Licence
P – Prospecting Licence
EPM – Exploration Permit for Minerals
MDL - Mineral Development Licence

ELOISE PROJECT

Tenement	*Interest %*	*Tenement*	*Interest %*
EPM 17838	100%	MDL 00431	100%
EPM 18442	100%	MDL 00432	100%

MOONTA JV PROJECT

Tenement	*Interest %*
E 3733 (part of)	10%

MT CLIFFORD PROJECT

Tenement	*Interest %*	*Tenement*	*Interest %*
E 3700761	100%	P 3707370	100%
E 3700909	100%	P 3707371	100%
M 3700806	100%	P 3707372	100%
P 3707170	100%	P 3707373	100%

MT OSPREY JV PROJECT

Tenement	*Interest %*	*Tenement*	*Interest %*
EPM 008515	30% (Diluting)	EPM 011698	30% (Diluting)

WILDARA PROJECT

Tenement	*Interest %*	*Tenement*	*Interest %*
E 3600235	100%	M 3600526	100%
M 3600475	100%	M 3600548	100%
M 3600502	100%	M 3700877	100%
M 3600524	100%	M 3700878	100%

YILLAREE JV PROJECT

Tenement	*Interest %*	*Tenement*	*Interest %*
E 3600245	81.27%	M 3600511	81.27%
E 3600273	81.27%		
E 3600273	81.27%		