Activity Report for the Quarter Ended 31 December 2012

Drilling highlights potential for resource growth at Sandy Creek, Sandfire commences drilling at Broader Altia JV

Highlights:

Base Metal Exploration – Queensland

- Potential for extensions to the existing JORC resource highlighted by successful 1,200m drilling program in both the Main and Western Zones at Sandy Creek with further drilling required to test these positions.
- Western Zone extended down-plunge with a significant new intercept indicating that copper grades are strengthening at depth:
    - ***3.6m @ 2.96% Cu, 6.6g/t Ag, 0.26g/t Au*** *from 169.9m (12BERD0118)*
- Main Zone results confirm consistency of grades and thicknesses down-plunge within the resource envelope, with higher gold grades of up to 1.6g/t Au encountered. Results include:
    - ***1.5m @ 4.12% Cu and 0.30g/t Au*** *from 139.6 m (12BERD0120); and*
    - ***6.8m @ 1.27% Cu and 0.32g/t Au*** *from 173.2m (12BERD0119).*
- Leading geophysical consultants Newexco Pty Ltd engaged to plan a geophysical work program to identify detailed targets on the broader NW Queensland tenements in preparation for drilling this year.
- Sandfire Resources commenced its maiden diamond drilling program at the Broader Altia Project Joint Venture in NW Queensland.

Gold Exploration – Western Australia

- Scotia Gold JV delivers 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.
- In-house analysis of gold anomalies identified during historical nickel exploration is currently underway 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.

Nickel Exploration – Western Australia

- Transaction executed 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 continued, with discussions underway with various parties.

Corporate

- A Share Purchase Plan (SPP) raised approximately $600,000 to underpin ongoing copper-gold exploration programs at the Eloise Project, North Queensland.

OVERVIEW

Breakaway has a portfolio of quality mineral exploration projects, strategically located within two of Australia's premier mineral districts (Figure 1). Breakaway is focused on the evaluation and development of its highly prospective Eloise Copper-Gold Exploration Project, located within the world-class Cloncurry District of North West Queensland – a region which the Company believes offers the best chance for exploration success in the short term.

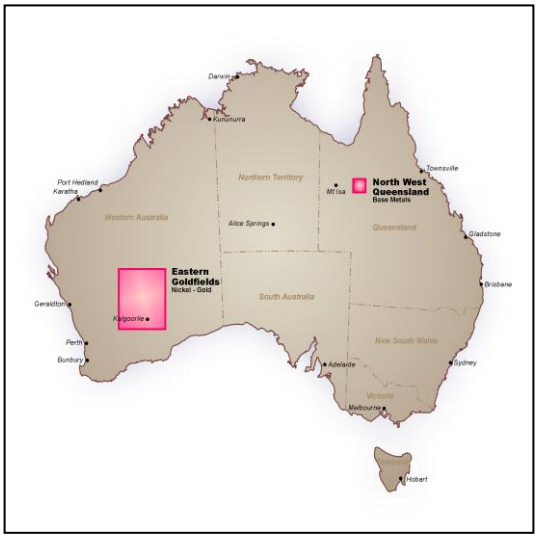

Figure 1: Breakaway Project Locations

BASE METAL EXPLORATION – QUEENSLAND

Eloise Exploration Project – BRW 100%

The Eloise Project is located 70km south-east of Cloncurry, immediately adjacent to FMR Investments Pty Ltd's Eloise Copper Mine, where mining recommenced in January 2011 (*Figure 2*). The Project encompasses several prospect areas at different stages of evaluation, including the advanced Sandy Creek Prospect and the Altia base metals deposit.

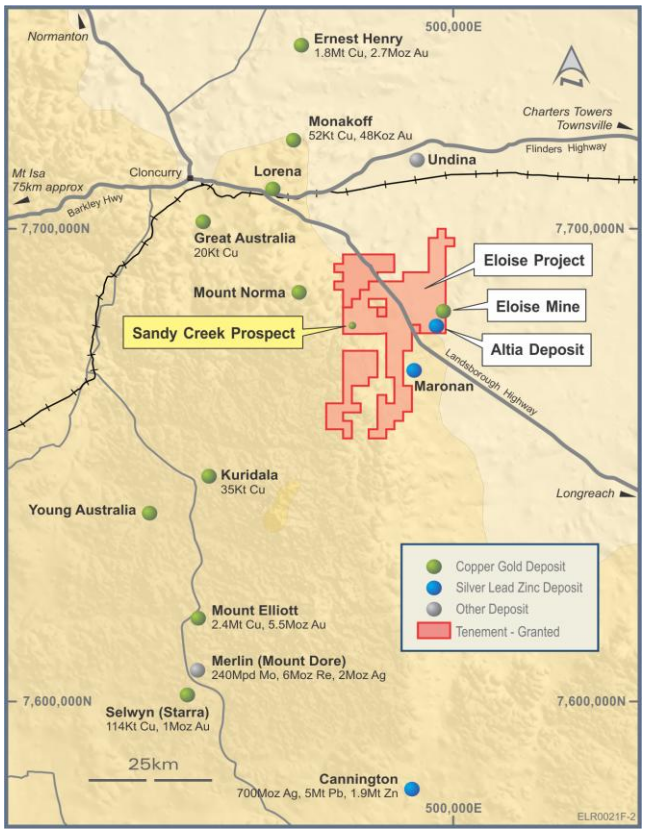

Figure 2: Eloise Exploration Project Location Plan

Breakaway completed a 1,200m drilling program at Sandy Creek in October/November 2012 comprising four diamond drill holes (12BERD0117 to 12BERC0120 – *Table 1*). The objective of the drilling was to test for extensions of the two known zones of mineralisation and to extract core for metallurgical testwork.

Three holes intersected significant mineralisation, with two holes demonstrating the internal down-plunge continuity of the thicker identified zone within the Main Zone and one hole highlighting a potential down-plunge extension of the Western Zone, together with increasing copper grades at depth.

The Western Zone in particular appears to have significant potential for extensions, remaining open in all directions and requiring a significant amount of further drilling.

Geological logging of the diamond drill core indicates that the style of mineralisation at Sandy Creek is similar to the mineralisation seen at the nearby Eloise Copper Mine.

Breakaway has engaged independent mining consultants Optiro Pty Ltd to complete an interim update of the current JORC compliant resource at Sandy Creek. This will include results of in-fill and confirmatory drilling completed as part of the recent diamond drill programme. While the recent drilling highlighted the potential for extensions to the current resource, further drilling will be required to better test and understand the lesser known Western Zone.

Western Zone

Diamond drill hole 12BERD0118, which was drilled into the Western Zone, intersected a zone of visible mineralisation from 168m down-hole, displaying strong mafic alteration together with massive sulphides (chalcopyrite) between 172.3 and 172.8m down-hole, returning the following significant result:

12BERD0118 **3.6m at 2.96% Cu, 6.6g/t Ag, 0.26g/t Au** from 169.9m down-hole

The location of this intercept, which occurs outside the current resource envelope for the Western Zone, is shown on the Long Section in Figure 3 below and the Cross Section in Figure 4. The result demonstrates that copper grades may be strengthening at depth within the Western Zone, with the hole expected to extend the resource in this area. Further drilling is required to evaluate the broader potential of the Western Zone.

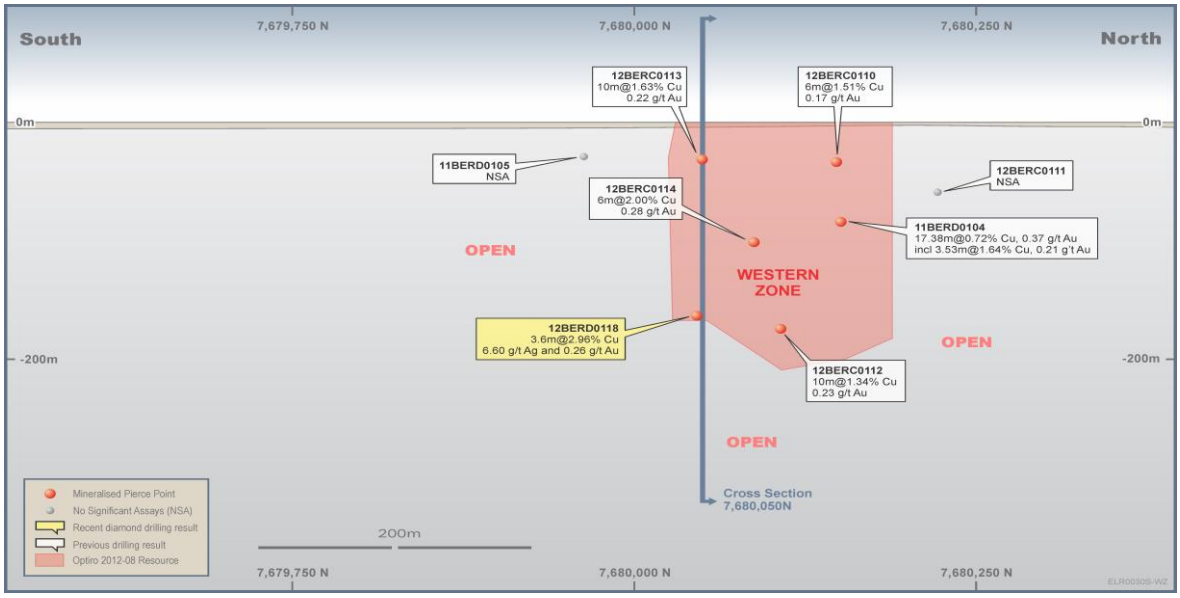

Figure 3: Sandy Creek Project Long Section showing the Western Zone resource

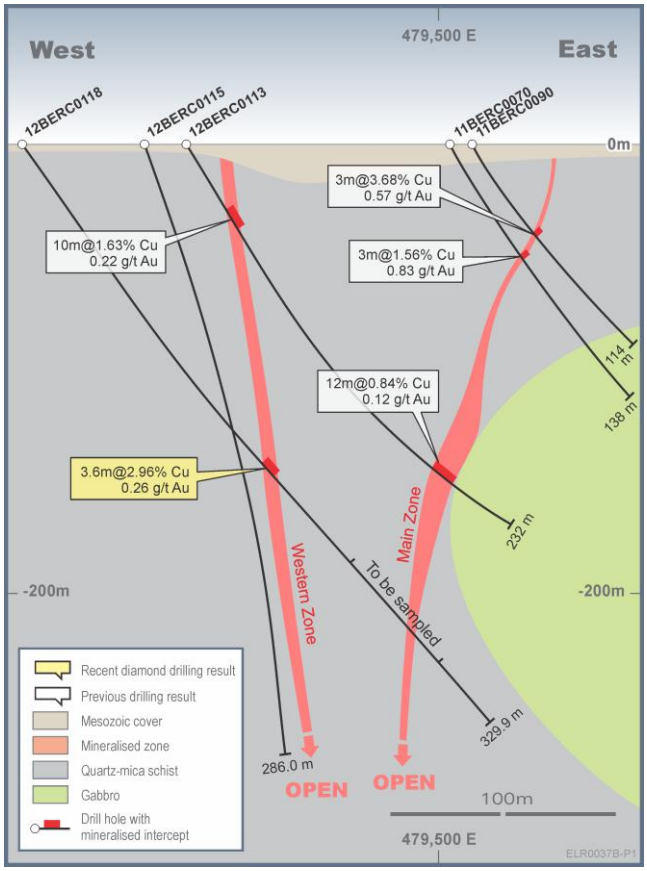

Figure 4: Sandy Creek Project Cross Section showing the Western Zone (7,680,050N)

Main Zone

Diamond drill holes 12BERD0119 and 12BERD0120, targeting the southern margins of the Main Zone Inferred Resource, returned the following significant intersections:

12BERD0119	**6.8m @ 1.27% Cu and 0.32g/t Au** from 173.2m down-hole
	2.9m @ 1.07% Cu and 0.11g/t Au from 205.6m down-hole
	7.4m @ 1.20% Cu and 1.6g/t Au from 238m down-hole
12BERD0120	**1.5m @ 4.12% Cu and 0.30g/t Au** from 139.6m down-hole
	1.5m @ 1.96% Cu and 0.58g/t Au from 155.5m down-hole

These results further demonstrate the consistency of grades and thicknesses at Sandy Creek, and given these holes sit at the margins of the existing Inferred Resource, provide strong encouragement for extensional potential both at the Western Zone and the down-plunge extent of the Main Zone. The location of Main Zone intercept can be seen on the Long Section in Figure 5 and the Cross Section in Figure 6.

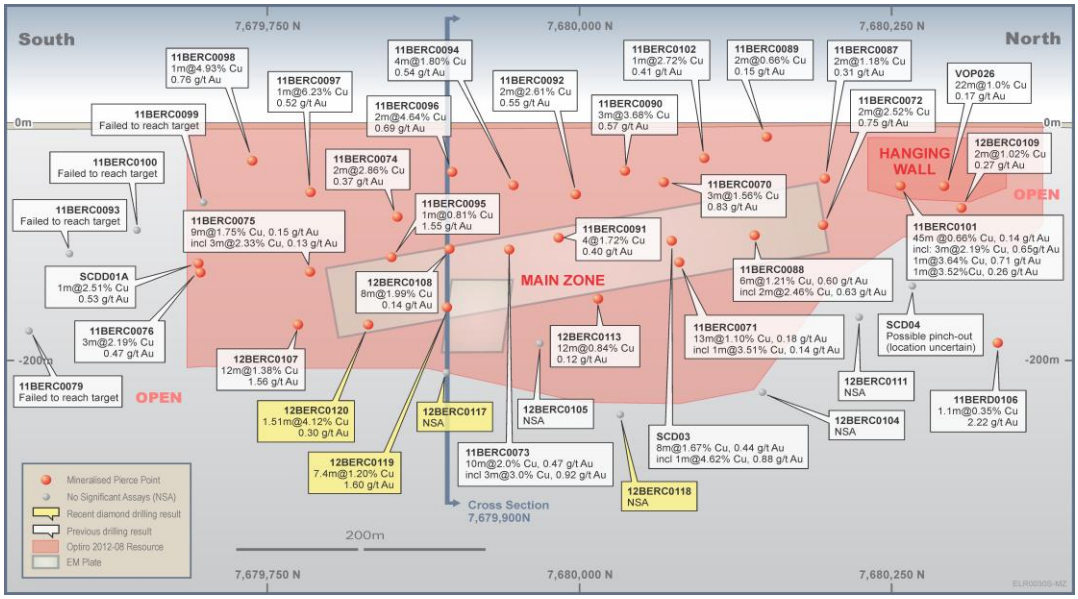

Figure 5: Sandy Creek Project Long Section showing the Main Zone resource

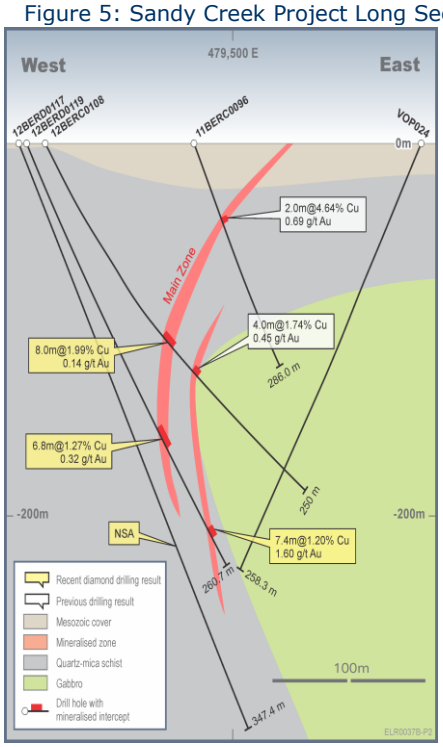

Figure 6: Sandy Creek Project Cross Section showing the Main Zone (7 679 900N)

Next Steps at NW Queensland

Planned work for the March Quarter includes updating the existing Inferred Resource at Sandy Creek, undertaking metallurgical testwork using diamond core from the recent drilling program to assist with preliminary scoping and development studies, and planning an extensive drilling program targeting the under-explored Western Zone, based on the updated resource model.

The Company has also engaged leading geophysical consultants Newexco Services Pty Ltd, to identify the optimum geophysical methods to apply to further re-evaluate significant regional targets at the Eloise Project such as Surprise Ridge (*see ASX Announcement – 11 August 2011*). Newexco Services will also assist in systematically evaluating a series of regional targets developed in strategic planning over the past 12 months such as Middle Creek, Roberts Creek and Brolga. The results obtained from these geophysical work programs will be used to plan a drilling program in 2013.

Broader Altia Project JV (Sandfire Resources earning 80%)

During the Quarter, Sandfire Resources NL (ASX: SFR) commenced a diamond drill program under the recently established farm-in joint venture at the broader Altia Project, located 70km south-east of Cloncurry in north-west Queensland (*Figure 7*).

The drilling program comprised five diamond drill holes to provide an initial test of the Altia South, Altia North and Boralis prospects. The results from these initial reconnaissance holes and subsequent down-hole EM surveys carried out on all of five holes will be analysed during the March Quarter and the findings will be utilised to plan a significant drilling program during the June Quarter.

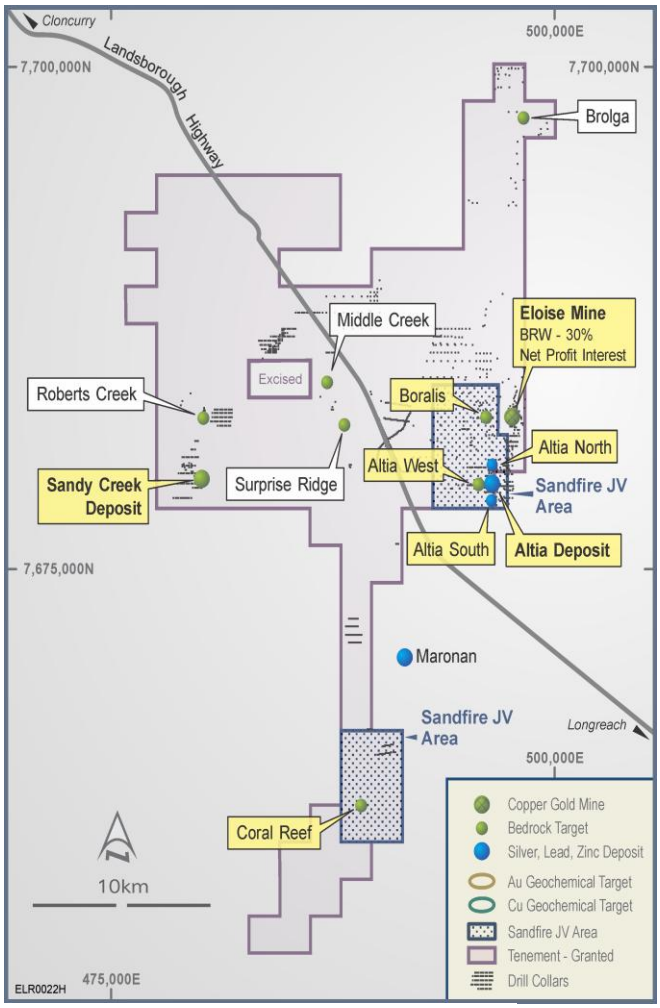

Figure 7: Sandfire JV locations

The tenements encompassed by the Joint Venture include the Altia Deposit, where Breakaway has delineated a maiden Inferred Mineral Resource (Table 3), the Boralis prospect to the North, as well as a tenement to the south incorporating the Coral Reef prospect (*Figure 7*).

Under the Joint Venture agreement, Sandfire can earn an initial 60% interest in the Broader Altia Project by spending A$4 million on exploration over a three-year period, and can then elect to increase its stake to 80% by spending a further A$4 million over the subsequent three years. The minimum expenditure commitment in the first year is A$1 million.

Drilling in 2010 and 2011 demonstrated that the Altia Deposit lies within a broad mineralised system with silver-lead-zinc mineralisation defined over a strike length of 1.2km and to a vertical depth of 800 metres.

Sandfire's technical review of the broader Altia Project suggests that the Altia deposit may form part of a larger regional structure extending from Boralis in the north, through Altia and south through the Maronan deposit (not on Breakaway's ground) to Coral Reef (*Figure 7*).

Accordingly, the Joint Venture area encompasses a broader northern tenement area covering an area of 24.6km^2 which includes the Altia deposit, the Altia West Copper Target, the Altia North Silver Target and the Boralis prospect. The southern tenement area covers an area of 19.1 km^2 and includes the Coral Reef prospect.

Eloise Copper Mine – Queensland (BRW 30% Net Profit Interest)

The Company holds a 30% net profit royalty interest (after adjusting for prior accumulated losses) in the Eloise Copper Mine and surrounding Mining Leases, which cover a total area of 5km^2. The Eloise Mine re-commenced mining operations in January 2011 after the mine had been placed on care and maintenance in December 2008, and the mill was successfully re-commissioned in May 2011.

The owners of the Eloise Copper Mine, FMR Investments Pty Ltd, advised that operations at the mine continued to perform satisfactorily during the December Quarter. The Company has previously advised that it does not factor any royalty receipts from Eloise going forward (due to the adjustment of prior accumulated losses) but will continue to monitor the progress of the Eloise operation and will keep the market informed accordingly.

The Eloise Mine remains of strategic significance to the Company given the extensive exploration activities being undertaken in the area and the potential to unlock the value of any new copper-gold resource discovered in the region.

GOLD EXPLORATION – WA

Scotia JV – Western Australia (Aphrodite Gold earning 80%)

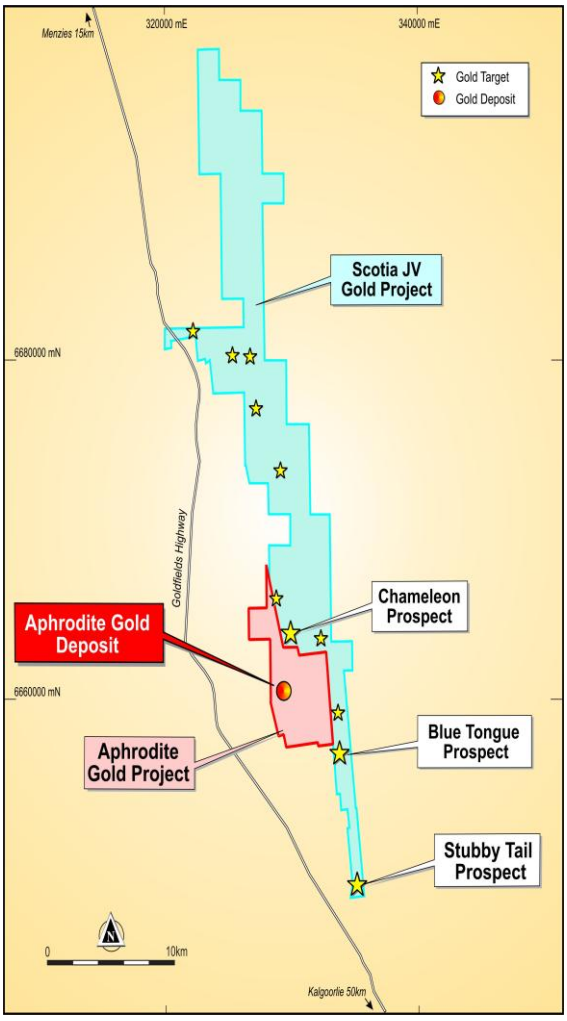

Figure 8: Scotia JV prospects

During the December Quarter, a maiden 1,128 m RC drill program was carried out by joint venture manager Aphrodite Gold Ltd targeting the Blue Tongue and Stubby Tail prospects. These prospects are located within 15km of the Aphrodite Gold Deposit, where a Pre-Feasibility study is currently underway. Significant results from the recent drilling are shown in Table 4.

Both Stubby Tail and Blue Tongue lie within the Scotia Project tenements, which are subject to a farm-in joint venture with Aphrodite Gold (ASX: AQQ) (see Figure 8) completed in June 2011. Under the terms of the Joint Venture Agreement, Aphrodite Gold can earn up to 80% of the gold rights in the Scotia tenements which cover a total area of approximately 200km^2. To date Aphrodite Gold has earned a 51% interest.

Gold mineralisation at the Stubby Tail and Blue Tongue prospects is related to a near north-south striking shear zone which is interpreted to form part of the broader Bardoc Shear Zone, a significant regional structure which hosts numerous gold deposits including the million ounce plus Paddington and Aphrodite Gold Deposits

Exploration activities over the Scotia tenements have in the past focused almost exclusively on the discovery of nickel sulphide deposits. Numerous gold targets were also identified at this time, most of which were never fully evaluated, including Stubby Tail, Blue Tongue and the more advanced Chameleon Gold Prospect (see Figure 8).

Stubby Tail

Four RC holes, STR0001 to STR0004 (Figure 9) totalling 594m, were drilled during the Quarter over a small section of a previously identified soil anomaly. Significant gold intercepts included:

STR0002 **13m @ 0.54g/t Au** from 58 metres and **12m @ 0.46g/t Au** from 128 metres

STR0003 **12m @ 0.46g/t Au** from 126 metres

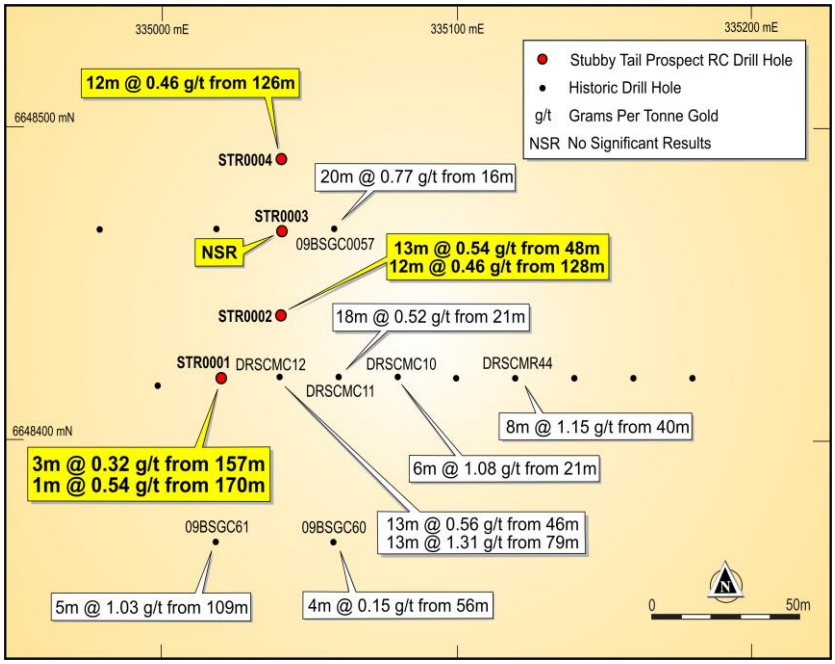

Figure 9: Stubby Tail Gold Prospect – Drill hole locations and results

Blue Tongue

Three RC holes, BTR0001 to BTR0003 (figure 10) totalling 534m were drilled over a small section of a previously identified soil anomaly. Significant gold intercepts included;

BTR0003 **4m @ 1.85g/t Au** from 138 metres and **6m @ 0.81g/t** Au from 113 metres

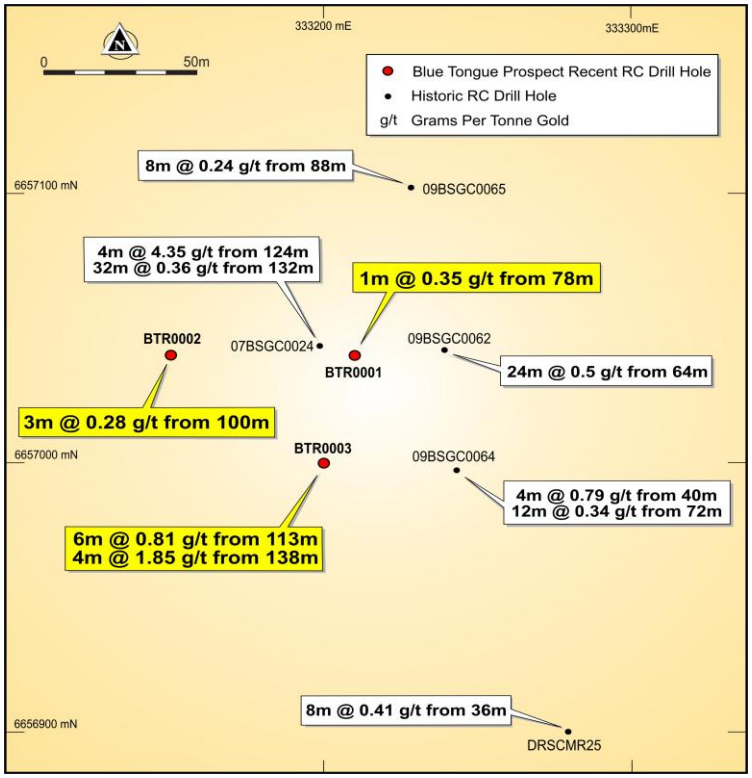

Figure 10: Blue Tongue Gold Prospect – Drill hole locations and results

Chameleon Propect

Previous drilling carried out in 2011 confirmed the prospectivity of Chameleon to host a gold deposit with significant mineralisation confirmed over a strike length of 600 metres down to a vertical depth of around 200 metres with gold intercepts including 12m @ 10.99g/t (66-78m), 6m @ 4.48g/t (92-98m) and 11m @ 2.05g/t (129-140m) (refer to ASX announcements 2 August 2011 and 30 August 2011).

During the December Quarter a further seven (7) RC holes, CHR0021 to CHR0027 (Figure 11) totalling 1,116 metres, were drilled. Significant gold intercepts included;

CHR0024 **5m** @ **4.22g/t** from 118m

CHR0022 **8m** @ **0.89g/t** from 118m

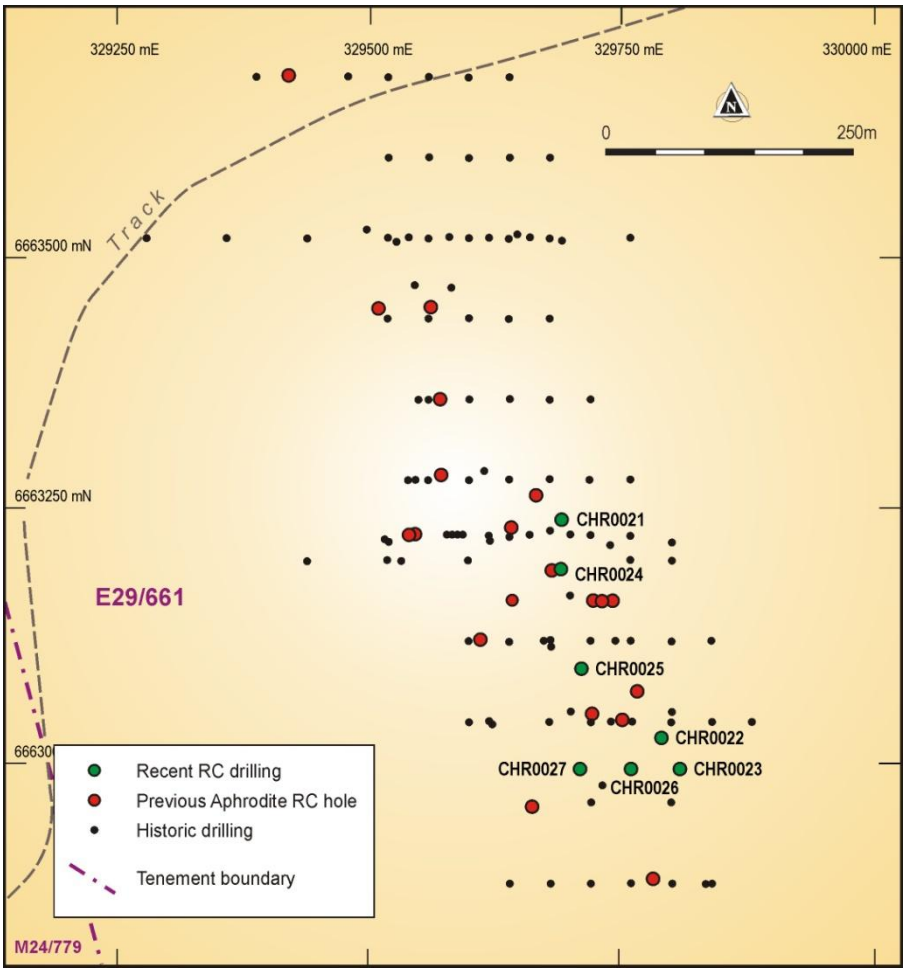

Figure 11: Chameleon Gold Prospect - Drill hole locations

Given the encouraging results from the recent drilling program highlighting the potential to delineate moderate grade gold mineralisation within structurally controlled positions, further exploration work is planned over both Stubby Tail and Blue Tongue Prospects, as well as other gold targets within the Scotia JV tenements in 2013/14.

Leinster Gold Prospectivity

In-house analysis of gold anomalies identified as part of historical nickel exploration programs is currently underway to identify gold exploration potential within the Company's Leinster tenements, located 35km south of Leinster (Figures 12 & 13), which are adjacent to the Thunderbox and Bannockburn gold mines.

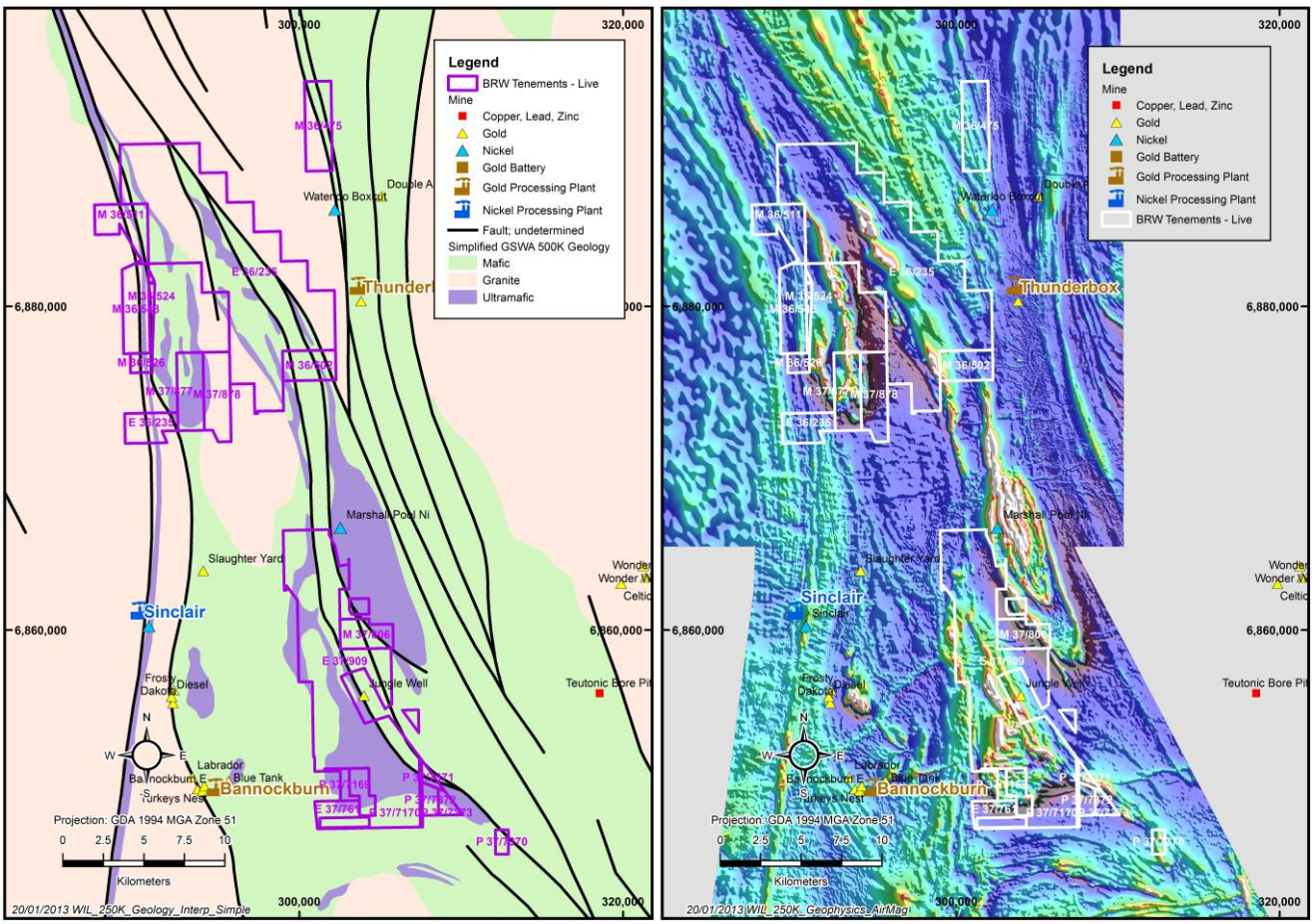

Figure 12 & 13: Leinster tenements, geology and Air Mag

During the first Quarter of 2013, a detailed review of the Wildara, Mt Clifford and Yilaree Projects for gold mineralisation is expected to be completed.

This represents an exciting new opportunity for the Company, given that previous exploration has mainly focussed on the nickel potential within the ultramafic sequences, which means that the structural corridors and geological boundaries have not been systematically assessed for gold anomalism.

The existing detailed litho-structural and geochemical database for the Leinster tenement area will be used to design reconnaissance geochemical sampling programs. Of particular interest are the major shear zones which pass through the mafic and ultramafic sequences and the contacts of the high level acid intrusions, which are flanked by major shear zones.

This geological environment is prospective for Thunderbox, Bannockburn, Harbour Lights and Tarmoola styles gold mineralisation, which collectively have produced several million ounces of gold

NICKEL EXPLORATION ACTIVITIES – WESTERN AUSTRALIA

During the Quarter, Breakaway executed an agreement with Agnew Gold Mining Company Pty Ltd ("AGMC") to close out the mining rights arrangements in respect of the Vivien **and** Miranda tenements in Western Australia, 6km south of Jubilee's Cosmos-Prospero nickel complex and 40km north-west of Breakaway's Wildara Project.

The settlement involves Breakaway transferring its mining tenements M36/166 – M36/168 and M36/123 (four tenements) to AGMC, in return for a reduced liability in Breakaway's share of rates and taxes associated with the cost of maintaining the Vivien and Miranda tenements in good standing.

No nickel exploration activities were undertaken on any of the tenements during the Quarter in light of the Company's continued focus on its copper-gold projects in North Queensland. The future of Breakaway's nickel assets continues to be strategically reviewed with discussions underway on potential farm-in joint ventures.

OTHER PROJECTS

West Kambalda Tenements

During the Quarter, Breakaway executed the sale of the Spargos Reward tenements to Mithril Resources for a cash consideration of $200,000. The Spargos Reward tenements form part of Breakaway's Kambalda West Project, which is located 60km south of Coolgardie on the Coolgardie-Esperance Highway (Figure 14).

The sale – which encompasses Prospecting Licences 15/4876 - P15/4883 and 15/4866 (9 tenements) – excludes the Nickel Rights over the tenements, which have been retained by Breakaway.

The tenement sale is consistent with Breakaway's previously announced strategy of rationalising its extensive Australian minerals portfolio, thereby allowing the Company to focus its ongoing exploration activities on the highly prospective Eloise Project in Queensland.

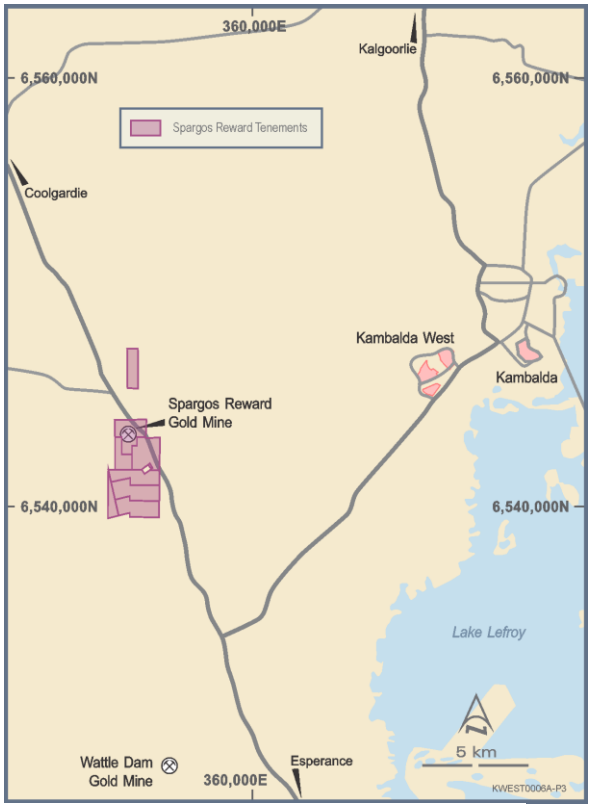

Figure 14: Spargos Reward tenements

CORPORATE

Share Purchase Plan

The Company completed a Share Purchase Plan ('SPP') in November 2012, raising approximately $600,000. The SPP entitled eligible shareholders to purchase up to $15,000 worth of fully-paid ordinary shares in the Company at a subscription price of 2.9 cents per share.

The funds will be used to underpin ongoing copper-gold exploration at the Company's flagship Eloise Exploration Project in North Queensland and for working capital purposes.

Following the completion of the SPP the Company has 434,854,266 shares on issue.

OUTLOOK

The primary focus of activity for the March 2013 Quarter will be the completion of an updated resource estimate for Sandy Creek, metallurgical testwork on diamond drill core from Sandy Creek, and planning for an extensive drilling program targeting the underexplored Western Zone, as well as planning and execution of a major geophysical work program on the broader Eloise Exploration Project Area. The Company will also complete a technical review of the gold prospectivity of its Leinster tenements in WA.

In addition, the Company's joint venture partners, Sandfire Resources and Aphrodite Gold, will be reviewing the recent drill results from joint venture projects at Altia and Scotia in order to plan further drill programs in the June Quarter.

VICTOR RAJASOORIAR
Managing Director

ENDS

For Further Information Contact:

Mr. Victor Rajasooriar, Managing Director
Mobile: 0488 068 739
Business: (08) 9278 6444

Mr. John Atkins, Chairman
Mobile: 0419 767 573

Breakaway Resources Limited
ABN 16 061 595 051
Unit 14, 531 Hay Street
Subiaco WA 6008

P/ (08) 9278 6444
F/ (08) 9278 6449
E/ admin@breakawayresources.com.au
W/ www.breakawayresources.com.au

For Media Inquiries Contact:

Nicholas Read – Read Corporate
Mobile: 0419 929 046
Business: (08) 9388 1474

Competent Persons Statement:

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

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

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

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

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

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

The information in this report that relates to the Scotia JV - exploration targets, exploration results and mineral resources reflects information compiled by Mr Leon Reisgys. Mr Reisgys is a full time employee of Aphrodite Gold (Managing Director). Mr Reisgys is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Reisgys consents to the inclusion of this information in the form and context in

which it appears in this announcement.

About Breakaway Resources Limited:

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

Table 1 – Sandy Creek Drilling Intercepts and Collar Details

Hole ID	Prospect	Northing	Easting	Dip°	AziMag°	From	Width	g/tAu	%Cu	g/tAg	%Pb	%Zn
12BERD0117	Main Zone	7679900	479360	-65	84	No significant assay						
12BERD0118	Western	7680050	479265	-55	84	169.9	3.6m	0.26	2.96	6.60	-	-
12BERD0119	Main Zone	7679900	479365	-60	84	173.2	6.8m	0.32	1.27	-	-	-
and						205.6	2.92m	0.11	1.07	-	-	-
and						238	7.4m	1.6	1.20	-	-	-
12BERD0120	Main Zone	7679838	479411	-60	84	139.59	1.51	0.30	4.12	16.48	-	-
and						155.46	1.54	0.58	1.96	8.67	-	-

Notes:

All diamond drill hole results are obtained from analysis of 1 metre samples (unless otherwise specified). Sampling is undertaken following logging of geological boundaries within the drill hole. All samples are prepared and analysed at ALSGlobal Pty Ltd's Townsville Minerals Laboratory. Sample preparation is by pulverisation of the entire sample to a nominal 85% passing 75 microns in size (method LOG-23 / PUL-23). Base metal analysis is carried out by subjecting a 25-gram portion of the sample to a multi acid digest and analysing the sample by Inductively Coupled Plasma Atomic Emission Spectrometry (method ME-ICP61). Gold and precious metal analysis is carried by 25g Fire Assay and an AAS finish (method Au-AA25)

- *Intersections are reported as **down hole widths**, not true widths.*
- *Reported intersections are calculated as length weighted average grades typically using the following cut off grades - a 0.5% copper, lead and zinc, and 0.5g/t gold and silver.*
- *Au – gold, Ag – silver, Cu – copper, Pb – lead, and Zn – zinc.*
- *The location of drill holes were determined using a handheld GPS achieving +/- 4 metre accuracy - MGA datum (Zone 54).*
- *End of hole surveys were obtained using either an Eastman single shot survey camera or Reflex downhole survey tool.*

Table 2 – Sandy Creek Mineral Resource

Sandy Creek Mineral Resource						
August 2012						
Classification	**Zone**	**Mt**	**Cu (%)**	**Au (g/t)**	**Contained Cu (t)**	**Contained Au (oz)**
Inferred	Main - East	1.60	1.46	0.35	23,300	17,900
	Main - Hanging wall	0.05	1.23	0.37	700	600
	West	0.41	1.31	0.25	5,400	3,400
	TOTAL	**2.06**	**1.42**	**0.33**	**29,400**	**21,900**

Criteria	Explanation
Estimation and modelling techniques	Drillhole sample data was coded by wireframes using numerous codes derived from mineralisation and geology wireframes. Sample data within the mineralisation envelope was composited to one meter lengths using a best fit method. Unsampled intervals were excluded from the compositing routine. Extreme grade outliers within each domain grade population were cut based on a combination of histogram and log probability plot analysis. Copper samples were top cut to 6.5% in domain 1 and 3.5% in the other domains. Gold samples were top cut to 2.5 ppm in domain 1 and 1.5 ppm in the other domains. In total, few samples were cut. Directional normal scores variograms were calculated and modelled for domain 1 only due to the paucity of data. Variogram ranges show copper continuity of 115 m along strike, 90 m down dip and 5.5 m across strike and gold continuity of 115 m along strike, 80 m down dip and 6.5 m across strike. Copper and gold grade continuity analysis matched the interpreted trend of the domains and also showed a southerly plunge of approximately -20°. Nugget variances were 41% for copper and 38% for gold and are considered acceptable for this style of deposit. Variography from domain 1 was applied to the remaining domains. Cu (%) and Au (ppm) were estimated by Ordinary Kriging into parent cells of 10 mE by 25 mN by 10 mRL. Parent cells were subdivided to 1 mE by 0.5 mN by 1 mRLsubcells as required for volume resolution. During the estimation, search variograms for each element were set to the maximum ranges of the copper variogram to ensure identical sample neighbourhoods have been used. Three search passes, with increasing ranges and decreasing minimum samples numbers, have been used to ensure the maximum number of blocks have been estimated. A total of 59% of the blocks by volume were estimated in search pass 1, 29% in search pass 2 and 10% in search pass 3. A total of 2% of the blocks were un-estimated. Un-estimated blocks have been assigned the average grades for both copper and gold per domain. A hard boundary was used between mineralisation domains. Estimation was not completed on the oxide domains due to the lack of data support.

Moisture	Tonnes have been estimated on a dry basis.
Cut-off parameters	Mineralisation was interpreted above a nominal 0.3% Cu cut-off. Resources are reported above a 0.3% Cu cut-off.
Metallurgical factors or assumptions	No metallurgical assumptions have been built into the resource estimate.
Bulk density	Density was assigned based on historical data supplied by Breakaway Resources, from the geologically similar Eloise mine. All primary mineralisation was assigned a density of 2.9 t/m^3. Oxide mineralisation was assigned a density of 2.4 t/m^3. Fresh waste material was assigned a density of 2.6 t/m^3 and oxidised waste a density of 2.2 t/m^3.
Classification	The resource has been classified as Inferred based on data quality, drill hole spacing and geological continuity.
Block model verification	The OK model was validated against the input drillhole composites and the declustered drillhole samples for each domain. Swath plots were used to compare the declustered drillhole data to the model by northing, easting and elevation slices.

Table 3 – Altia Mineral Resource

Notes Specific to the Resource Estimation of the Altia Silver-Lead Deposit, Eloise Project

A resource estimate was carried out by Snowden Mining Industry Consultants Pty Ltd in November 2007 in accordance with the 2004 Guidelines of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. An Inferred Mineral Resource of 5.8Mt @ 4.0% Pb, 40 g/t Ag and 0.5% Zn has been estimated for the Altia Deposit.

Lens	Tonnes (Mt)	Pb (%)	Contained Pb Metal * (t)	Ag g/t	Contained Ag * (Moz)	Zn (%)	Contained Zn Metal * (t)
Lens 1 (Upper)	3.9	4.1	159,000	32	4.0	0.4	17,000
Lens 2 (Lower)	1.9	3.8	70,000	57	3.4	0.6	12,000
Total	**5.8**	**4.0**	**229,000**	**40**	**7.5**	**0.5**	**29,000**

Methodology:

Estimation of silver, lead and zinc grades and density within each of the interpreted lenses was completed using the ordinary kriging interpolation technique within MineSight software. Compositing honoured the interpreted geological boundaries and was completed to a 2.0 m length. Composite samples were coded by lens so that only samples within a single lens were used for grade estimation of that particular lens. A block size of 10 m E x 50 m N x 25 m elevation was selected and block percentages for each lens were recorded into the MineSight block model. The total resource estimate for each lens has been derived by weighting the estimated silver, lead and zinc grades for each block by the estimated tonnage for each lens within each block.

Table 4 – Stubby Tail and Blue Tongue Gold Prospects Drill Results

Hole	Easting	Northing	Dip	Mag. Azimuth	Inclined Depth (m)	From (m)	To (m)	Length (m)	Gold g/t	Domain
BTR0001	333210	6657040	-60	90	162	100	103	3	0.28	P
BTR0002	333150	6657040	-60	90	186	78	79	1	0.35	T
BTR0003	333200	6657000	-60	90	186	108	110	2	0.49	P
						113	119	6	0.81	P
						123	124	1	0.51	P
						130	131	1	0.87	P
						134	136	2	0.42	P
						138	142	4	1.85	P
STR0001	335020	6648420	-60	90	174	108	109	1	0.33	P
						157	160	3	0.32	P
						164	165	1	0.40	P
						170	171	1	0.54	P
STR0002	335040	6648440	-60	90	150	42	44	2	0.54	T
						48	61	13	0.54	T
						100	101	1	0.31	P
						128	140	12	0.46	P
STR0003	335040	6648465	-60	90	120	no intersection ≥ 0.3g/t gold				
STR0004	335040	6648490	-60	90	150	122	123	1	0.34	P
						126	138	12	0.46	P

Notes:

* Reported intersections are length weighted average grades with 0.3g/t gold as the cut-off grade.
* Results obtained from analysis of 1m samples
* Gold analysis by the Fire Assay 50 gram method with an AAS finish.
* O = Oxide, T = Transitional, P = Primary Mineralisation.

Table 5 – Chameleon Gold Prospect Drill Results

Hole	Easting	Northing	Dip	Mag. Azimuth	Inclined Depth (m)	From (m)	To (m)	Length (m)	Gold g/t	Domain
CHR0021	329690	6663240	-60	90°	102	85	86	1	0.94	O
CHR0022	329790	6663020	-60	90°	126	118	126	8	0.89	T
CHR0023	329810	6662990	-60	90°	120	no significant intercept				
CHR0024	329690	6663190	-60	90°	150	118	123	5	4.22	T
CHR0025	329710	6663090	-60	90°	168	no significant intercept				
CHR0026	329760	6662990	-60	90°	210	no significant intercept				
CHR0027	329710	6662990	-60	90°	240	236	237	1	0.56	P

Notes:

* Reported intersections are length weighted average grades with 0.5g/t gold as the cut-off grade.
* Results obtained from analysis of 1m samples
* Gold analysis by the Fire Assay 50 gram method with an AAS finish.
* O = Oxide, T = Transitional, P = Primary Mineralisation.